



**New Mexico Legislative Finance Committee  
Report to the Fifty-Sixth Legislature, First Session  
Volume 2**

**LEGISLATING FOR RESULTS:  
APPROPRIATION RECOMMENDATIONS**

**January 2023 for the 2024 Fiscal Year**

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January 2023



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Legislative



BUDGET SUMMARY  
(Dollars in Thousands)

USES	FY22 2021-2022 Actuals	FY23 Operating Budget	FY24		
			Agency Request	LFC Recommen- dation	Percent Incr/(Decr) Over FY23
111 Legislative Council Service	5,884.4	7,771.9	8,548.8	8,548.8	10.0%
112 Legislative Finance Committee	4,522.9	5,089.4	5,443.3	5,598.3	10.0%
114 Senate Chief Clerk	1,411.6	1,973.9	2,486.5	2,486.5	26.0%
115 House Chief Clerk	1,492.5	1,901.3	2,408.9	2,408.9	26.7%
117 Legislative Education Study Committee	1,358.4	1,525.4	1,725.0	1,725.0	13.1%
119 Legislative Building Services (GAA)	3,775.8	4,733.5	5,064.3	5,064.3	7.0%
131 Interim Committee Expenses	864.7	1,000.0	2,000.0	2,000.0	100.0%
131 Pre-Session Expenses	299.7	450.0	510.0	510.0	13.3%
131 Legislative Internship Program	30.2	50.0	55.0	55.0	10.0%
131 Senate Rules Interim Committee	8.7	35.0	35.0	35.0	0.0%
131 National Dues & Membership Fees	408.0	418.0	435.3	435.3	4.1%
131 Capital Buildings Planning Commission	0.0	150.0	150.0	150.0	0.0%
TOTAL	\$20,056.9	\$25,098.4	\$28,862.1	\$29,017.1	15.6%
NONRECURRING	FY23				
131 Legislative Information Systems	1,617.1	1,723.4	2,143.9	2,143.9	
131 Legislative Processing System	0.0	1,500.0	9,500.0	9,500.0	
131 Constituent Services Platform	0.0	0.0	500.0	500.0	
131 Committee Room Audiovisual Upgrades	0.0	0.0	1,500.0	1,500.0	
131 House & Senate Chamber Display Boards	0.0	0.0	1,300.0	1,300.0	
NONRECURRING					
2023 Legislature		9,249.00			
2022 Legislature		6,181.50			
2021 Legislature		10,307.10			
2020 Legislature		5,183.20			
2019 Legislature		9,491.70			
2018 Legislature		5,654.50			

\*Appropriation for the 2023 60-day legislative session will be made by the Legislature in January 2023. The budgeted amount of \$9,249.0 was provided by the Legislative Council Service.

Appropriation for the 2024 30-day legislative session will be made by the Legislature in January 2024.

#### TRANSMITTAL OF ESTIMATES

Appropriation estimates for the operation of the legislative branch of government are transmitted herewith by the Legislative Finance Committee. Estimates have been supplied by the Legislative Council Service, Legislative Finance Committee, Legislative Education Study Committee, Legislative Building Services, Senate chief clerk, and House chief clerk.

All appropriations to the legislative branch of government are made through the feed bill, except for those indicated by (GAA), which are made through the General Appropriation Act.

Judicial

**Statutory Authority**

The New Mexico Compilation Commission is established by Sections 12-1-1 through 12-1-14 NMSA 1978 and is responsible for publishing, selling, and distributing the New Mexico Statutes Annotated (NMSA), opinions and rules of the court, New Mexico Reports, Attorney General opinions, the Magistrate and Metropolitan Bench Book, and the juvenile probation officers manuals. The commission also maintains a computer database of each publication. In addition, the commission drafts Supreme Court rules, jury instructions, and civil and criminal forms on a contractual basis. It serves as staff to the Supreme Court rules committee, assists in the publication of the Secretary of State's session laws, and is authorized to prepare and keep current parallel tables of the New Mexico statutes.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	529.9	529.9	529.9	429.9	(18.9)
Other Transfers	403.6	400.0	400.0	400.0	0.0
Other Revenues	601.5	575.0	575.0	575.0	0.0
Fund Balance	0.0	113.3	113.3	113.3	0.0
<b>TOTAL SOURCES</b>	<b>1,535.0</b>	<b>1,618.2</b>	<b>1,618.2</b>	<b>1,518.2</b>	<b>(6.2)</b>
<b>USES</b>					
Operations	1,127.4	1,618.2	1,618.2	1,518.2	(6.2)
<b>TOTAL USES</b>	<b>1,127.4</b>	<b>1,618.2</b>	<b>1,618.2</b>	<b>1,518.2</b>	<b>(6.2)</b>
<b>FTE</b>					
Permanent	6.0	5.0	5.0	5.0	0.0
Term	0.0	1.0	1.0	1.0	0.0
<b>TOTAL FTE</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>0.0</b>

**At A Glance**

The New Mexico Compilation Commission (NMCC) request keeps all revenue flat with FY23. The agency does not project budgetary changes in FY24.

Each fiscal year, in the "feed bill" that pays for legislative expenses, a \$400 thousand appropriation from legislative cash balances is made to NMCC to cover the Legislature's share of costs to develop the master database of official annotated laws and the technology for free public access.

The recommendation includes a \$100 thousand, or 6.2 percent, reduction for the FY24 budget. The reduction is made in the contractual services category to better align with programmatic costs. The recommendation keeps personnel and other costs flat with FY23.

From FY15 to FY19, NMCC expended 88 percent of its contractual services budget on average, but from FY20 to FY22, NMCC expended less than 60 percent of its contractual services budget on average. Programmatic changes, cost-saving measures, and a shift in business model has allowed NMCC to achieve its mission at a lower cost. NMCC has recently begun a new four year contract for its flagship program, and expects stable contract costs during that period.

**NEW MEXICO COMPILATION COMMISSION**

The purpose of the New Mexico compilation commission is to publish in print and electronic format, distribute and sell (1) laws enacted by the legislature, (2) opinions of the supreme court and court of appeals, (3) rules approved by the supreme court, (4) attorney general opinions and (5) other state and federal rules and opinions. The commission ensures the accuracy and reliability of its publications.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Average number of nmonesource.com actions performed per month	435,046.0	511,248.0	N/A	N/A	N/A

**Statutory Authority**

An amendment to Article VI, Section 32, of the New Mexico Constitution creates the Judicial Standards Commission to provide a means for disciplining judges at all levels of the judiciary. The commission consists of 13 members: seven lay people appointed by the governor, two attorneys elected by the Board of Bar Commissioners, and four members appointed by the Supreme Court. The latter four positions are filled by a Supreme Court justice, a Court of Appeals judge, a district judge, and a magistrate judge. The seven lay members serve five-year terms, while the attorney and judge members serve four-year terms.

**Mission**

The Judicial Standards Commission serves to protect the public from improper conduct and behavior of judges, to preserve the integrity of the judicial process, to maintain public confidence in the judiciary, to create a greater awareness of proper judicial behavior in the judiciary and the public, and to provide for the expeditious disposition of complaints of judicial misconduct. The commission also has the duty to the constitution to maintain strict confidentiality of all matters until the matters are filed in the New Mexico Supreme Court.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	879.2	979.4	1,061.0	991.9	1.3
Other Transfers	16.4	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>895.6</b>	<b>979.4</b>	<b>1,061.0</b>	<b>991.9</b>	<b>1.3</b>
<b>USES</b>					
Operations	877.7	979.4	1,061.0	991.9	1.3
<b>TOTAL USES</b>	<b>877.7</b>	<b>979.4</b>	<b>1,061.0</b>	<b>991.9</b>	<b>1.3</b>
<b>FTE</b>					
Permanent	8.0	7.0	7.0	7.0	0.0
<b>TOTAL FTE</b>	<b>8.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>0.0</b>

**At A Glance**

The Judicial Standards Commission (JSC) requested a general fund revenue increase of \$81.6 thousand, or 8.3 percent, from the FY23 operating budget. The request reflects a modest benefits cost increase and a 10 percent increase for all 7 FTE to align with the judiciary's unified budget request of 10 percent salary increases for all staff. JSC is not part of the unified budget but adopted the judiciary's pay bands.

The State Ethics Commission Act, passed in 2019, included a provision that expanded the Judicial Standards Commission's jurisdiction to include hearing officers of the judicial branch. According to the commission, the only means by which these employees may be brought within the commission's oversight is by public vote to amend the constitution. Until this unconstitutionality can be rectified by either rescinding the statutory provision or by passing an amendment to the constitution, the commission reports it will continue to dismiss complaints filed against hearing officers for lack of jurisdiction.

Out of 96 verified written complaints in FY22, the commission found grounds to recommend the removal, resignation, or retirement of three judges: a Rio Arriba County parole judge, an Otero County Magistrate Court judge, and a Cimarron municipal judge.

The recommendation supports a \$12.5 thousand, or 1.3 percent, increase in general fund revenue for employee compensation.

**JUDICIAL STANDARDS COMMISSION**

The purpose of the judicial standards commission program is to provide a public review process addressing complaints involving judicial misconduct to preserve the integrity and impartiality of the judicial process.

PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Efficiency	On knowledge of cause for emergency interim suspension, time for commission to file petition for temporary suspension, in days	2.0	1.0	1,000,000.0	0.0	0.0
Efficiency	For cases in which formal charges are filed, average time for formal hearings to be held, in meeting cycles	0.0	0.0	2.0	2.0	2.0

**Statutory Authority**

The Court of Appeals was established by constitutional amendment in 1965. Its statutory authority is found in Sections 34-5-1 through 34-5-14 NMSA 1978. The court has no original jurisdiction but reviews certain types of cases on appeal: violations of municipal or county ordinances where a fine or imprisonment is imposed; decisions of state administrative agencies; all actions under the Workers' Compensation Act, the New Mexico Occupational Disabling Law, the Subsequent Injury Act, and the federal Employers' Liability Act; and criminal action from the district courts, except those involving the death penalty or life imprisonment. Section 34-5-8 NMSA 1978 was amended in 1983 to include appeals of civil actions not specifically reserved for the jurisdiction of the Supreme Court by the constitution or by law. The Court of Appeals consists of 10 judges elected statewide for eight-year terms and maintains offices in Santa Fe and Albuquerque.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	6,569.6	7,515.3	8,121.5	7,901.1	5.1
Other Transfers	165.7	0.0	0.0	0.0	0.0
Other Revenues	0.1	1.0	1.0	1.0	0.0
<b>TOTAL SOURCES</b>	<b>6,735.4</b>	<b>7,516.3</b>	<b>8,122.5</b>	<b>7,902.1</b>	<b>5.1</b>
<b>USES</b>					
Operations	6,692.0	7,516.3	8,122.5	7,902.1	5.1
<b>TOTAL USES</b>	<b>6,692.0</b>	<b>7,516.3</b>	<b>8,122.5</b>	<b>7,902.1</b>	<b>5.1</b>
<b>FTE</b>					
Permanent	63.0	62.5	62.5	62.5	0.0
<b>TOTAL FTE</b>	<b>63.0</b>	<b>62.5</b>	<b>62.5</b>	<b>62.5</b>	<b>0.0</b>

**At A Glance**

The Court of Appeals requested a general fund revenue increase of \$606.2 thousand, or 8.1 percent, from the FY23 operating budget. The request included increased staff benefits, maintenance and repair costs, training costs, and transcription costs. The request also included \$125 thousand to fund an authorized but unfunded building manager FTE. The recommendation includes a base increase of \$385.5 thousand, including \$107 thousand for employee benefits, \$79.9 thousand for transcription costs, and \$67.4 thousand for lease expenses. The increase also includes operational expenses for maintenance and travel, but the recommendation excludes funding for an FTE and training costs.

The court reports a high turnover rate of judges over the past four years has contributed to a significant backlog and increase in average time to disposition. In FY22, the court's disposition rate was 136 percent with 673 new cases filed and 917 cases resolved. The court's case backlog as of June 30, 2022, was 272.

**COURT OF APPEALS**

The purpose of the court of appeals program is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Age of active pending civil cases, in days	373.0	437.0	365.0	365.0	220.0
Outcome	Days to disposition for civil cases	440.0	422.0	375.0	375.0	180.0
Outcome	Days to disposition for criminal cases	509.0	528.0	425.0	425.0	180.0
Outcome	Age of active pending criminal cases, in days	414.0	373.0	425.0	425.0	180.0

**Statutory Authority**

Article VI of the New Mexico Constitution provides for a Supreme Court consisting of five justices, including a chief justice. The Supreme Court is considered the court of last resort in the state of New Mexico with superintending control over all lower courts. The Supreme Court also has the power to issue writs.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	6,509.7	7,418.2	7,613.2	7,613.2	2.6
Other Transfers	131.6	0.0	0.0	0.0	0.0
Federal Revenues	9.6	0.0	0.0	0.0	0.0
Other Revenues	10.3	1.5	1.5	1.5	0.0
<b>TOTAL SOURCES</b>	<b>6,661.2</b>	<b>7,419.7</b>	<b>7,614.7</b>	<b>7,614.7</b>	<b>2.6</b>
<b>USES</b>					
Operations	6,582.1	7,419.7	7,614.7	7,614.7	2.6
<b>TOTAL USES</b>	<b>6,582.1</b>	<b>7,419.7</b>	<b>7,614.7</b>	<b>7,614.7</b>	<b>2.6</b>
<b>FTE</b>					
Permanent	62.0	64.0	61.0	61.0	(4.7)
<b>TOTAL FTE</b>	<b>62.0</b>	<b>64.0</b>	<b>61.0</b>	<b>61.0</b>	<b>(4.7)</b>

**At A Glance**

The New Mexico Supreme Court requested a general fund revenue increase of \$195 thousand, or 2.6 percent, compared with the FY23 operating budget. The request includes \$120 thousand for a Supreme Court Law Library FTE, \$50 thousand for increased subscription costs, and \$20 thousand for increased operational costs. The committee recommendation supports the request.

**SUPREME COURT**

The purpose of the supreme court program is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	97%	85%	100%	100%	100%
Outcome	Percentage of criminal cases disposed of in 180 days or less (discretionary appeals - initial review)	47%	90%	180%	95%	95%
Outcome	Percentage of active pending criminal cases 510 days or less (appeals as of right)	361%	77%	365%	75%	75%
Outcome	Percentage of active pending civil cases 180 days or less (discretionary appeals - initial review)	45%	66%	180%	95%	95%
Outcome	Percentage of civil cases disposed of in 630 days or less (discretionary appeals - review granted)	641%	80%	420%	95%	95%

**Statutory Authority**

The Administrative Office of the Courts is statutorily created in Sections 34-9-1 through 34-9-16 NMSA 1978. The agency is supervised by a director appointed by the New Mexico Supreme Court and has four recognized programs: Administrative Support, Magistrate Court, Statewide Judiciary Automation, and Special Court Services. The office is the oversight agency for the judiciary, supervising all matters relating to the administration of the courts.

**Mission**

The Administrative Office of the Courts (AOC) administers the Magistrate Court program and the statewide automation program. It also provides guidance and technical assistance to all judicial agencies. AOC provides funding and oversight for Special Court Services.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	37,171.9	41,712.4	44,130.5	41,266.8	(1.1)
Other Transfers	6,360.5	2,877.0	2,877.0	2,877.0	0.0
Federal Revenues	2,596.6	2,330.6	2,330.6	2,330.6	0.0
Other Revenues	8,033.5	11,246.2	11,246.2	11,246.2	0.0
Fund Balance	2,032.5	10,677.3	10,677.3	10,677.3	0.0
<b>TOTAL SOURCES</b>	<b>56,195.0</b>	<b>68,843.5</b>	<b>71,261.6</b>	<b>68,397.9</b>	<b>(0.6)</b>
<b>USES</b>					
Personal Services and Employee Benefits	17,404.8	13,257.8	19,762.7	17,769.2	34.0
Contractual Services	16,183.3	(1,632.1)	9,925.0	9,925.0	(708.1)
Other	16,927.9	27,983.3	24,277.7	24,226.7	(13.4)
Other Financing Uses	1,540.6	1,552.2	1,547.6	1,547.6	(0.3)
Pre-trial services	0.0	1,750.2	1,693.0	1,693.0	(3.3)
Court-appointed special advocate	0.0	1,515.2	131.2	131.2	(91.3)
Supervised visitation	0.0	1,703.7	1,220.2	999.0	(41.4)
Water rights	0.0	1,500.1	617.7	617.7	(58.8)
Court-appointed attorneys	0.0	10,088.0	1,272.6	1,272.6	(87.4)
Children's mediation	0.0	561.6	284.5	284.5	(49.3)
Jury and Witness Program	0.0	0.0	5,971.1	5,891.1	0.0
Judges pro tem	0.0	138.2	69.1	69.1	(50.0)
Judicial Education Services	0.0	0.0	2,114.1	1,596.1	0.0
Access to justice	0.0	261.0	244.7	244.7	(6.2)
Statewide alternative dispute resolution	0.0	400.0	203.4	203.4	(49.2)
Drug court	0.0	8,748.8	656.0	656.0	(92.5)
Drug court fund	0.0	0.0	933.0	933.0	0.0
Adult guardianship	0.0	663.0	338.0	338.0	(49.0)
<b>TOTAL USES</b>	<b>52,056.6</b>	<b>68,491.0</b>	<b>71,261.6</b>	<b>68,397.9</b>	<b>(0.1)</b>
<b>FTE</b>					
Permanent	158.0	165.5	176.7	161.7	(2.3)
Term	43.0	24.0	43.0	43.0	79.2
<b>TOTAL FTE</b>	<b>201.0</b>	<b>189.5</b>	<b>219.7</b>	<b>204.7</b>	<b>8.0</b>

**At A Glance**

The Administrative Office of the Courts requested an overall budget of \$71.3 million from all funds, 3.5 percent above the FY23 operating budget. The request included a total general fund revenue increase of \$2.4 million, or 5.7 percent, compared with the FY23 operating budget. However, the



increase includes a \$5.2 million reduction in the court-appointed attorney program because the newly created Office of Family Representation (OFRA) will absorb most of its responsibilities. After accounting for the transfer of responsibilities from AOC to OFRA, AOC requested a net general fund revenue increase of \$7.7 million, or 21.1 percent, compared with the FY23 operating budget. Of the \$7.7 million net general fund revenue increase, AOC requested \$2.1 million to transfer the Judicial Education Center from its current status as a Research and Public Service Project at the University of New Mexico to AOC, \$2.3 million in staff expansions, \$1.2 million to move 13 primarily fee-funded positions to the general fund, and \$736 thousand for increased magistrate court lease costs.

The committee recommendation increases net general fund revenue to the agency by \$4.8 million, or 13.3 percent, compared with the FY23 operating budget. The net increase was calculated to account for the OFRA transfer. The committee recommendation supports transferring the education center but includes \$1.6 million in funding, increasing the program budget by 128 percent. The increase supports 17 new FTE expansions. The recommendation provides increased funding for lease cost increases, an initiative to expand the dataXchange program statewide, and to create a cybersecurity system. The committee recommendation includes \$400 thousand for AOC to implement discretionary staff compensation increases to target areas where high turnover and vacancy is particularly costly.

### Budget Issues

The Administrative Office of the Courts participates in the judicial unified budget process, wherein individual budget requests are vetted by several committees before ultimate approval by the New Mexico Supreme Court. A top Supreme Court priority for the FY24 unified budget was training. AOC requested to transfer the JEC from UNM to AOC and to expand the program by approximately 200 percent. The committee recommendation includes \$1.6 million to transfer the program and substantially expand its budget.

**Administrative Services.** For the Administrative Services Program, the agency requested a net general fund revenue increase of \$285 thousand, or 2.5 percent, compared with the FY23 operating budget. The agency also requested to transfer the jury and witness fund from the Administrative Services Program to the Special Court Services Program, which has no general fund impact. This transfer would account for a \$1.2 million reduction in the base budget and a total general fund revenue decrease of 7.5 percent, or \$925 thousand.

Of the net \$285 thousand increase, the agency requested \$135 thousand to move two positions away from fee funding and to the general fund and \$150 thousand for 2 FTE expansions to the firearms background check reporting program. The background check program expansion would support reporting to the FBI and training for judges. The committee recommendation supports the entirety of the \$285 thousand increase to reduce the reliance on fee funding and to invest in firearm background check programs.

The committee recommendation includes \$400 thousand for targeted staff compensation increases in areas where high turnover and vacancy is particularly costly. The recommendation supports the transfer of the jury and witness fund.

**Statewide Judiciary Automation.** The request for the Statewide Judiciary Automation Program increased general fund revenue by \$3 million, or 54.6 percent, over the FY23 operating budget. Of that, \$1.2 million is requested to transfer 11 positions currently funded by the Supreme Court automation fund (SCAF) to the general fund. An additional \$1.3 million was requested for 9 new FTE, including six new personnel for AOC IT and three new personnel to work on the DataXchange program, the centralized data sharing network for criminal justice partners. The request also includes \$250 thousand to implement the DataXchange program statewide, \$150 thousand for a cybersecurity program, \$50 thousand for a website redesign, and \$100 thousand for operational cost increases.

The recommendation provides \$447 thousand to expand the statewide judiciary automation program by 3 FTE, \$146 thousand to move two positions from fee funding to the general fund, \$250 thousand to implement the DataXchange program statewide, \$150 thousand for a cybersecurity program, and for all operational cost increases. The recommendation excludes funding for a website redesign.

**Magistrate Court.** The Magistrate Court Program request increased general fund revenue by \$1.5 million, or 14.2 percent, over the FY23 operating budget. Of that, \$736 thousand was for magistrate court and warrant office leases, \$151 thousand was for security increases, and \$595 thousand was for an expansion of 5 new FTE positions. Of the \$595 thousand expansion, \$375 thousand was requested for three statewide training coordinators, \$110 thousand for a statewide facilities manager, and \$110 thousand for a statewide security position. The recommendation supports all operational cost increases, including magistrate court and warrant office leases increases and security increases. The recommendation also supports adding a statewide security position but does not support other FTE expansions.

**Special Court Services.** The agency requested a total general fund revenue decrease of \$1.2 million, or 8.9 percent, compared with the FY23 operating budget. However, the request included a net general fund revenue increase of \$2.3 million, or 38.8 percent, compared with the FY23 operating budget. The net increase incorporates the transfer of responsibilities from the AOC court-appointed attorney program to the Office of Family Representation and Advocacy and accounts for the transfer of the jury and witness fee fund, which has no general fund impact. In the base, the agency requested three large programmatic changes that account for the difference between the total and net request amounts. First, AOC requested a deduction of \$5.2 million for court-appointed attorneys due to the transfer of responsibilities from AOC to OFRA. Second, the agency requested a \$1.1

million increase to account for the reorganization of the jury and witness fund. Lastly, AOC requested \$2.1 million to transfer the JEC to AOC and to grow the center's budget by about 200 percent.

Outside of the major programmatic changes, the request also included \$581 thousand for personnel benefits and cost increases for the child safe exchange and supervised visitation program, behavioral health training, and operational costs. The request included an expansion of 2 behavioral health FTE for \$175 thousand, including a statewide clinician and assistant, and the request included a \$105 thousand expansion for an additional FTE to fill the role of director of equity and inclusion, implementing the recommendations of the Supreme Court Commission on Equity and Justice and promoting statewide training.

The committee recommendation includes a net increase of \$540 thousand, or 7 percent, over the FY23 operating budget. The recommendations supports all major programmatic changes, including the reduction in the court-appointed attorney program to account for the OFRA transfer and the transfer of the jury and witness fund. The recommendation partially funds the request to transfer JEC to AOC, funding the program at \$1.6 million and providing 8 new FTE to implement the program. The recommendation includes funding for behavioral health training and consultation, two behavioral health staff positions, and a director of equity and inclusion. The recommendation also includes a \$100 thousand for cost increases to the supervised exchange program.

### Base Expansion

The committee recommends 20 of the agency's 35 requested expansions, including 17 new FTE. The recommendation includes \$1.6 million for the transfer of the Judicial Education Center to AOC and for 8 new FTE, \$443 thousand for 3 new IT FTE, \$175 thousand for two new behavioral health personnel, \$150 for 2 FTE to increase responsivity for firearm background check requests, \$110 thousand for a statewide security coordinator, and \$105 thousand for a director of equity and inclusion.

#### BASE EXPANSION LISTING FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Behavioral Health Admin Assistant	P620	75.0	75.0
0	Behavioral Health Clinician	P620	100.0	100.0
0	Development Team: Software Applications Developer Sr	P560	139.7	0.0
0	Director of Equity and Inclusion	P620	105.0	105.0
0	Facilities Manager	P610	110.0	0.0
0	IDS/IPS Cyber Security System Program	P560	150.0	150.0
0	Incident Management and Notification Expansion	P560	50.0	50.0
0	JES: Admin Assistant to Director	P620	70.0	70.0
0	JES: Director	P620	155.0	155.0
0	JES: Education Specialist Jr	P620	166.5	166.5
0	JES: Education Specialist Sr	P620	240.0	160.0
0	JES: Education Specialist Sr JEC	P620	70.0	0.0
0	JES: Instructional Media Specialist	P620	92.0	0.0
0	JES: Judicial Education Officer	P620	92.0	0.0
0	JES: Manager of Credentialing Programs	P620	92.0	92.0
0	JES: Manager of Education Operations	P620	92.0	0.0
0	JES: Manager of Education Programs	P620	92.0	0.0
0	Judicial Education Services	P620	952.6	952.6
0	NICS Paralegal	P559	50.0	50.0
0	NICS Program Manager	P559	100.0	100.0
0	NM Courts website expansion	P560	51.0	0.0
0	NM dataXchange: Business Analyst Sr	P560	151.5	0.0
0	NM dataXchange: Database Admin Sr	P560	139.7	0.0
0	NM dataXchange: IT Project Manager	P560	139.7	139.7
0	Project Management Group Education	P560	15.0	15.0
0	Security Manager	P610	110.0	110.0

**BASE EXPANSION LISTING  
FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Service Desk Education	P560	10.0	10.0
0	Service Desk: IT Specialist	P560	86.5	0.0
0	Special Projects: IT Business Analyst Sr	P560	151.5	0.0
0	Special Projects: IT Project Manager Sr	P560	151.5	151.5
0	Statewide Training and Integration Coordinator	P610	125.0	0.0
0	SW Training and Integration Coordinator	P610	250.0	0.0
0	Systems: Network Systems Admin	P560	155.9	155.9
0	VNOC expansion for SC Video Streaming	P560	25.0	25.0
0	VNOC: Network Systems Administrator Sr	P560	151.5	0.0
<b>TOTAL</b>			<b>4,707.6</b>	<b>2,833.2</b>

**ADMINISTRATIVE SUPPORT**

The purpose of the administrative support program is to provide administrative support to the chief justice, all judicial branch units and the administrative office of the courts so that they can effectively administer the New Mexico court system.

**BUDGET SUMMARY  
(dollars in thousands)**

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	9,881.6	12,396.2	11,470.7	11,870.7	(4.2)
Other Transfers	2,279.3	313.6	313.6	313.6	0.0
Federal Revenues	2,596.6	2,330.6	2,330.6	2,330.6	0.0
Other Revenues	1,434.1	2,075.0	50.0	50.0	(97.6)
Fund Balance	1,580.3	4,333.7	1,608.7	1,608.7	(62.9)
<b>TOTAL SOURCES</b>	<b>17,771.9</b>	<b>21,449.1</b>	<b>15,773.6</b>	<b>16,173.6</b>	<b>(24.6)</b>
<b>USES</b>					
Personal Services and Employee Benefits	7,004.8	7,205.1	7,150.1	7,550.1	4.8
Contractual Services	5,338.3	4,370.2	3,746.2	3,746.2	(14.3)
Other	4,251.3	9,873.8	4,877.3	4,877.3	(50.6)
<b>TOTAL USES</b>	<b>16,594.4</b>	<b>21,449.1</b>	<b>15,773.6</b>	<b>16,173.6</b>	<b>(24.6)</b>
<b>FTE</b>					
Permanent	75.3	58.0	60.0	60.0	3.4
Term	8.0	2.0	2.0	2.0	0.0
<b>TOTAL FTE</b>	<b>83.3</b>	<b>60.0</b>	<b>62.0</b>	<b>62.0</b>	<b>3.3</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Efficiency	Average cost per juror	\$55	\$56	\$55	\$0	\$55
Explanatory	Number of jury trials	517.0	578.0	N/A	N/A	N/A
Efficiency	Average interpreter cost per session	\$63	\$64	\$150	\$0	\$150

**STATEWIDE JUDICIARY AUTOMATION**

The purpose of the statewide judicial automation program is to provide development, enhancement, maintenance and support for core court automation and usage skills for appellate, district, magistrate and municipal courts and ancillary judicial agencies.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	5,200.7	5,585.9	8,638.4	6,678.9	19.6
Other Transfers	82.2	0.0	0.0	0.0	0.0
Other Revenues	4,091.4	5,393.4	5,393.4	5,393.4	0.0
Fund Balance	0.0	4,700.0	4,700.0	4,700.0	0.0
<b>TOTAL SOURCES</b>	<b>9,374.3</b>	<b>15,679.3</b>	<b>18,731.8</b>	<b>16,772.3</b>	<b>7.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	5,369.0	6,945.1	9,432.8	7,524.3	8.3
Contractual Services	191.3	907.5	1,157.5	1,157.5	27.5
Other	2,736.4	7,826.7	8,141.5	8,090.5	3.4
<b>TOTAL USES</b>	<b>8,296.7</b>	<b>15,679.3</b>	<b>18,731.8</b>	<b>16,772.3</b>	<b>7.0</b>
<b>FTE</b>					
Permanent	48.0	60.5	62.0	56.0	(7.4)
Term	3.0	0.0	6.0	6.0	0.0
<b>TOTAL FTE</b>	<b>51.0</b>	<b>60.5</b>	<b>68.0</b>	<b>62.0</b>	<b>2.5</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Efficiency	Average time to respond to customer service requests, in days	0.0	0.0	1.0	0.0	1.0
Efficiency	Average time to resolve customer service requests, in days	0.0	0.0	1.0	0.0	1.0

**MAGISTRATE COURT**

The purpose of the magistrate court and warrant enforcement program is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	10,305.4	10,642.9	12,145.0	11,660.0	9.6
Other Transfers	17.6	0.0	0.0	0.0	0.0
Other Revenues	2,507.7	3,777.8	3,777.8	3,777.8	0.0
Fund Balance	452.2	359.6	359.6	359.6	0.0
<b>TOTAL SOURCES</b>	<b>13,282.9</b>	<b>14,780.3</b>	<b>16,282.4</b>	<b>15,797.4</b>	<b>6.9</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	2,402.8	2,593.9	3,179.8	2,694.8	3.9
Contractual Services	1,013.0	1,172.8	1,843.7	1,843.7	57.2
Other	9,672.2	11,013.6	11,258.9	11,258.9	2.2
<b>TOTAL USES</b>	<b>13,088.0</b>	<b>14,780.3</b>	<b>16,282.4</b>	<b>15,797.4</b>	<b>6.9</b>
<b>FTE</b>					
Permanent	12.0	9.0	15.0	11.0	22.2
Term	19.0	22.0	22.0	22.0	0.0
<b>TOTAL FTE</b>	<b>31.0</b>	<b>31.0</b>	<b>37.0</b>	<b>33.0</b>	<b>6.5</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Number of desk audits completed	0.0	0.0	N/A	N/A	N/A
Explanatory	Number of internal audits delivered	0.0	0.0	N/A	N/A	N/A

**SPECIAL COURT SERVICES**

The purpose of the special court services program is to provide court advocates, legal counsel and safe exchanges for children and families; to provide judges pro tem; and to adjudicate water rights disputes so the constitutional rights and safety of citizens, especially children and families, are protected.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	11,784.2	13,087.4	11,876.4	11,057.2	(15.5)
Other Transfers	3,981.3	2,563.4	2,563.4	2,563.4	0.0
Other Revenues	0.2	0.0	2,025.0	2,025.0	0.0
Fund Balance	0.0	1,284.0	4,009.0	4,009.0	212.2
<b>TOTAL SOURCES</b>	<b>15,765.7</b>	<b>16,934.8</b>	<b>20,473.8</b>	<b>19,654.6</b>	<b>16.1</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	2,628.2	(3,486.3)	0.0	0.0	(100.0)
Contractual Services	9,640.6	(8,082.6)	3,177.6	3,177.6	(139.3)
Other	268.0	(730.8)	0.0	0.0	(100.0)
Other Financing Uses	1,540.6	1,552.2	1,547.6	1,547.6	(0.3)
Pre-trial services	0.0	1,750.2	1,693.0	1,693.0	(3.3)
Court-appointed special advocate	0.0	1,515.2	131.2	131.2	(91.3)
Supervised visitation	0.0	1,703.7	1,220.2	999.0	(41.4)
Water rights	0.0	1,500.1	617.7	617.7	(58.8)
Court-appointed attorneys	0.0	10,088.0	1,272.6	1,272.6	(87.4)
Children's mediation	0.0	561.6	284.5	284.5	(49.3)
Jury and Witness Program	0.0	0.0	5,971.1	5,891.1	0.0
Judges pro tem	0.0	138.2	69.1	69.1	(50.0)
Judicial Education Services	0.0	0.0	2,114.1	1,596.1	0.0
Access to justice	0.0	261.0	244.7	244.7	(6.2)
Statewide alternative dispute resolution	0.0	400.0	203.4	203.4	(49.2)
Drug court	0.0	8,748.8	656.0	656.0	(92.5)
Drug court fund	0.0	0.0	933.0	933.0	0.0
Adult guardianship	0.0	663.0	338.0	338.0	(49.0)
<b>TOTAL USES</b>	<b>14,077.4</b>	<b>16,582.3</b>	<b>20,473.8</b>	<b>19,654.6</b>	<b>18.5</b>
<b>FTE</b>					
Permanent	22.7	38.0	39.7	34.7	(8.8)
Term	13.0	0.0	13.0	13.0	0.0
<b>TOTAL FTE</b>	<b>35.7</b>	<b>38.0</b>	<b>52.7</b>	<b>47.7</b>	<b>25.5</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	New Violent Criminal Activity Rate: Percent of defendants on pretrial release not charged with a new violent crime	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of defendants referred to and enrolled in DWI or drug court	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of monthly supervised child visitations and exchanges conducted	11,211.0	12,012.0	N/A	N/A	N/A
Outcome	Statewide recidivism rate for drug-court participants	10.39%	9.77%	12.00%	0.00%	12.00%
Outcome	Three-year intent-to-treat recidivism rate of drug court program participants (statewide)	14.18%	17.41%	25.00%	0.00%	25.00%
Outcome	Employment rate of adult drug court program graduates for current fiscal year (statewide)	90.81%	96.23%	90.00%	0.00%	90.00%
Outcome	Education rate of juvenile drug court program graduates for current fiscal year (statewide)	100.00%	50.00%	100.00%	0.00%	100.00%
Outcome	Recidivism rate for DWI court participants (statewide)	8%	17%	0%	0%	0%
Explanatory	Graduation rate for drug court participants (statewide)	49.71%	55.93%	N/A	N/A	N/A

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Graduation rate for DWI court participants (statewide)	78.95%	55.93%	N/A	N/A	N/A
Explanatory	Cost per client per day for all drug court participants	\$29	\$33	N/A	N/A	N/A
Explanatory	Percent of children who achieve legal permanency within twelve to eighteen months from the date the petition is filed in an abuse and neglect case	14%	14%	N/A	N/A	N/A
Explanatory	Number of cases to which court-appointed special advocate volunteers are assigned	2,430.0	797.0	N/A	N/A	N/A
Outcome	Average time, in days, to completed adjudication in abuse and neglect cases	161.0	148.0	160.0	0.0	160.0
Explanatory	Percent of released defendants who comply with conditions of their release, appear for all scheduled court appearances, and are not charged with a new offense during pretrial supervision	0%	0%	N/A	N/A	N/A
Explanatory	Ratio of defendants whose supervision level or detention status corresponds with assessed risk	0/0	0/0	N/A	N/A	N/A
Explanatory	Percent of supervised defendants who make all scheduled court appearances	0%	0%	N/A	N/A	N/A
Explanatory	Percent of supervised defendants who are not charged with a new offense during the pretrial stage	0%	0%	N/A	N/A	N/A

**Statutory Authority**

The New Mexico district courts are statutorily created in Sections 34-6-1 through 34-6-26 NMSA 1978. New Mexico has 13 judicial districts over which 96 district judges preside. Distribution and number of judgeships is determined in New Mexico statute. In the last nine years, 21 district judgeships have been created.

**Mission**

The district courts have jurisdiction over all matters not specifically laid out in the New Mexico Constitution, including common law disputes, felony criminal actions, and statutorily directed matters involving children. The district courts have appellate jurisdiction over most decisions rendered by lower courts and administrative agencies. They may appoint or remove conservators, guardians, and specified public officials. They may commit people to the care of the state, issue writs of aid of jurisdiction, and promulgate court rules consistent with rules established by the Supreme Court.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	134,339.7	150,532.0	160,613.3	162,111.6	7.7
Other Transfers	12,621.1	9,951.9	9,431.6	9,431.6	(5.2)
Federal Revenues	672.9	1,183.7	418.4	418.4	(64.7)
Other Revenues	6,243.0	7,801.0	8,286.7	9,023.3	15.7
Fund Balance	769.9	1,347.6	1,195.4	1,195.4	(11.3)
<b>TOTAL SOURCES</b>	<b>154,646.6</b>	<b>170,816.2</b>	<b>179,945.4</b>	<b>182,180.3</b>	<b>6.7</b>
<b>USES</b>					
Operations	151,540.9	170,816.2	179,945.4	182,180.3	6.7
<b>TOTAL USES</b>	<b>151,540.9</b>	<b>170,816.2</b>	<b>179,945.4</b>	<b>182,180.3</b>	<b>6.7</b>
<b>FTE</b>					
Permanent	1,711.0	1,673.3	1,687.0	1,681.8	0.5
Term	123.5	131.5	136.0	136.0	3.4
Temporary	3.5	2.0	2.0	2.0	0.0
<b>TOTAL FTE</b>	<b>1,838.0</b>	<b>1,806.8</b>	<b>1,825.0</b>	<b>1,819.8</b>	<b>0.7</b>

**At A Glance**

District courts and the Bernalillo County Metropolitan Court requested a total general fund revenue increase of \$10.1 million, or 6.7 percent compared with the FY23 operating budget. The majority of the requested increase was for \$1.7 million to support pretrial services programs, \$1.6 million for improved security, \$652 thousand for training in each district, and \$901 thousand to fund salary increases for magistrate judges. In 2022, an effort to decouple magistrate judge salaries from other judge salaries passed the Legislature but was vetoed, resulting in a discrepancy between statutorily required magistrate pay and the legislative appropriation. District courts also requested \$1 million to replace funding from the mortgage regulatory fund with general fund revenue.

LFC recommends an \$11.6 million, or 7.7 percent, general fund revenue increase for the courts. The LFC recommendation includes \$1.7 million for staff compensation increases and \$1.5 million for judge compensation increases, both of which are recommended in addition to statewide compensation increases. The LFC recommendation increases judges' pay by 8 percent contingent on legislation decoupling magistrate judge salaries from other judge salaries. The recommendation also fully funds the unified budget request and includes \$1.7 million to support pretrial services programs, \$1.6 million for improved security, and \$901 thousand for magistrate salary increases. The recommendation includes \$1.6 million in general fund revenue for a centralized training program within the Administrative Office of the Courts and partially funds the requested revenue source change for the foreclosure settlement program.

**Budget Issues**

District courts and the Metropolitan Court participate with statewide courts in the unified judicial budget process, wherein individual budget requests are vetted by several committees before ultimate approval by the New Mexico Supreme Court. A top priority for the Supreme Court was judicial training. While individual courts requested increased funding for training, the LFC recommendation supports centralizing judicial education and training in AOC, providing \$1.6 million to transfer the program from the University of New Mexico to AOC, replace fee funding with general fund, and expand the



program budget by 128 percent. Security was another priority for all courts, including district, magistrate, and statewide courts. The LFC recommendation supports the priority and fully funds each district and Metropolitan Court security-related request.

In FY18, LFC piloted a restructured budget that appropriated funds in one item called “operations,” as opposed to three separate line items. After 3 consecutive successful years, the committee recommends continuing the practice for FY24. The single line appropriation highlights the judiciary’s unique budget organization and budgeting process and increases judicial independence. On average, more than 80 percent of each district court budget is for personnel costs.

The 2022 General Appropriation Act included \$4 million over three years for pretrial service grants, \$500 thousand for GPS monitoring, and \$648 thousand for pretrial services training. District courts that received grant funding are requesting to continue those programs with general fund revenue. The LFC recommendation continues the investment in pretrial service programs, providing \$1.7 million to maintain service levels.

The 2nd and 13th judicial district courts requested to replace mortgage regulatory fund revenues with general fund revenue for the foreclosure settlement program (FSP) and to increase staff for the program by two in the 2nd Judicial District. The LFC recommendation fully funds the requested FSP expansion in the 2nd Judicial District Court with mortgage regulatory fund revenues and moves funding for the 13th Judicial District Court FSP to the general fund.

The recommendation includes \$361.2 thousand for a judgeship created, but unfunded, in the 2022 legislative session in the 2nd Judicial District, and the recommendation fully funds a \$37.2 thousand shortfall for a new judgeship created in the 2022 legislative session in the 5th Judicial District.

The LFC district court and Metropolitan Court recommendation for all revenue sources totals \$182.2 million, of which \$162.1 million is from the general fund. The recommendation supports the agency’s request for all other revenue sources.

**Recommended Language**

The other state funds appropriation to the foreclosure settlement program of the 2nd judicial district court includes seven hundred thirty six thousand dollars (\$736,600) from the mortgage regulatory fund.

The general fund appropriations to district courts and the metropolitan court include one million four hundred fifty-three thousand five hundred (\$1,453,500) for judges’ salary increases contingent on legislation removing salary formulas for magistrates and providing that the legislature shall establish and provide salaries for magistrates.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	10,586.6	11,905.5	12,343.7	12,426.0	4.4
Other Transfers	1,068.1	785.5	837.3	837.3	6.6
Other Revenues	232.2	469.4	469.4	469.4	0.0
Fund Balance	0.0	131.8	6.5	6.5	(95.1)
<b>TOTAL SOURCES</b>	<b>11,886.9</b>	<b>13,292.2</b>	<b>13,656.9</b>	<b>13,739.2</b>	<b>3.4</b>
<b>USES</b>					
Operations	11,670.4	13,292.2	13,656.9	13,739.2	3.4
<b>TOTAL USES</b>	<b>11,670.4</b>	<b>13,292.2</b>	<b>13,656.9</b>	<b>13,739.2</b>	<b>3.4</b>
<b>FTE</b>					
Permanent	131.0	135.5	135.8	135.5	0.0
Term	7.0	7.8	7.8	7.8	0.0
Temporary	2.0	1.0	1.0	1.0	0.0
<b>TOTAL FTE</b>	<b>140.0</b>	<b>144.3</b>	<b>144.6</b>	<b>144.3</b>	<b>0.0</b>

**FIRST JUDICIAL DISTRICT COURT**

The purpose of the first judicial district court program, statutorily created in Santa Fe, Rio Arriba and Los Alamos counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	135%	99%	100%	100%	100%
Explanatory	Number of active cases pending	7,333.0	7,293.0	N/A	N/A	N/A
Outcome	Days to disposition for civil cases	290.0	288.0	540.0	540.0	500.0
Outcome	Age of active pending criminal cases, in days	697.0	794.0	365.0	365.0	350.0
Outcome	Age of active pending civil cases, in days	473.0	516.0	540.0	540.0	540.0
Outcome	Days to disposition for criminal cases	191.0	280.0	365.0	365.0	300.0
Explanatory	Number of jury trials	22.0	36.0	N/A	N/A	N/A

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	26,404.3	29,463.8	31,215.5	31,314.8	6.3
Other Transfers	2,018.6	1,760.9	1,651.5	1,651.5	(6.2)
Federal Revenues	168.2	224.6	0.0	0.0	(100.0)
Other Revenues	2,378.5	3,467.4	3,524.7	4,261.3	22.9
Fund Balance	607.5	566.8	508.1	508.1	(10.4)
<b>TOTAL SOURCES</b>	<b>31,577.1</b>	<b>35,483.5</b>	<b>36,899.8</b>	<b>37,735.7</b>	<b>6.3</b>
<b>USES</b>					
Operations	30,980.7	35,483.5	36,899.8	37,735.7	6.3
<b>TOTAL USES</b>	<b>30,980.7</b>	<b>35,483.5</b>	<b>36,899.8</b>	<b>37,735.7</b>	<b>6.3</b>
<b>FTE</b>					
Permanent	348.0	340.5	339.5	339.5	(0.3)
Term	41.0	51.0	53.0	53.0	3.9
<b>TOTAL FTE</b>	<b>389.0</b>	<b>391.5</b>	<b>392.5</b>	<b>392.5</b>	<b>0.3</b>

**BASE EXPANSION LISTING**  
FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Expansion - Attorney Associates	P232	248.2	248.2
<b>TOTAL</b>			<b>248.2</b>	<b>248.2</b>

**SECOND JUDICIAL DISTRICT COURT**

The purpose of the second judicial district court program, statutorily created in Bernalillo county, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	146%	99%	100%	100%	100%
Explanatory	Number of active cases pending	16,780.0	16,507.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	185.0	203.0	365.0	365.0	300.0
Outcome	Age of active pending criminal cases, in days	407.0	451.0	365.0	365.0	365.0
Outcome	Days to disposition for civil cases	206.0	217.0	540.0	540.0	500.0
Outcome	Age of active pending civil cases, in days	527.0	519.0	540.0	540.0	540.0
Explanatory	Number of jury trials	32.0	53.0	N/A	N/A	N/A

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	10,164.3	11,309.0	12,340.3	12,639.0	11.8
Other Transfers	1,618.3	1,258.9	1,604.5	1,604.5	27.5
Federal Revenues	96.6	125.0	29.1	29.1	(76.7)
Other Revenues	219.2	222.5	253.0	253.0	13.7
Fund Balance	0.0	22.0	35.0	35.0	59.1
<b>TOTAL SOURCES</b>	<b>12,098.4</b>	<b>12,937.4</b>	<b>14,261.9</b>	<b>14,560.6</b>	<b>12.5</b>
<b>USES</b>					
Operations	11,905.8	12,937.4	14,261.9	14,560.6	12.5
<b>TOTAL USES</b>	<b>11,905.8</b>	<b>12,937.4</b>	<b>14,261.9</b>	<b>14,560.6</b>	<b>12.5</b>
<b>FTE</b>					
Permanent	128.0	130.3	131.8	131.8	1.2
Term	13.0	11.3	10.8	10.8	(4.4)
Temporary	0.5	1.0	1.0	1.0	0.0
<b>TOTAL FTE</b>	<b>141.5</b>	<b>142.6</b>	<b>143.6</b>	<b>143.6</b>	<b>0.7</b>

**BASE EXPANSION LISTING**  
FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Pretrial Services Program Expansion	P233	397.0	397.0
2	Court Regular Additional Security Bailiff Expansion	P233	47.8	47.8
3	Veterans Treatment Court Expansion	P233	122.2	122.2
<b>TOTAL</b>			<b>567.0</b>	<b>567.0</b>

**THIRD JUDICIAL DISTRICT COURT**

The purpose of the third judicial district court program, statutorily created in Dona Ana county, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	119%	102%	100%	100%	100%
Outcome	Age of active pending criminal cases, in days	387.0	412.0	365.0	365.0	365.0
Outcome	Days to disposition for civil cases	224.0	220.0	540.0	540.0	500.0
Outcome	Age of active pending civil cases, in days	404.0	438.0	540.0	540.0	540.0
Outcome	Days to disposition for criminal cases	243.0	359.0	365.0	365.0	365.0
Explanatory	Number of jury trials	27.0	42.0	N/A	N/A	N/A
Explanatory	Number of active cases pending	6,363.0	6,166.0	N/A	N/A	N/A

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	3,889.7	4,398.4	4,839.2	5,071.3	15.3
Other Transfers	589.5	259.2	705.8	705.8	172.3
Other Revenues	30.4	48.3	48.3	48.3	0.0
Fund Balance	166.2	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>4,675.8</b>	<b>4,705.9</b>	<b>5,593.3</b>	<b>5,825.4</b>	<b>23.8</b>
<b>USES</b>					
Operations	4,449.4	4,705.9	5,593.3	5,825.4	23.8
<b>TOTAL USES</b>	<b>4,449.4</b>	<b>4,705.9</b>	<b>5,593.3</b>	<b>5,825.4</b>	<b>23.8</b>
<b>FTE</b>					
Permanent	95.0	48.5	57.5	57.5	18.6
Term	6.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>101.0</b>	<b>48.5</b>	<b>57.5</b>	<b>57.5</b>	<b>18.6</b>

**BASE EXPANSION LISTING**  
**FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	DM Hearing Officer-PreTrial & Bailiff FTEs- (1)Program Mgr, (2) Pretrial Services Officers , (1) Bailiff	P234	749.9	749.9
<b>TOTAL</b>			<b>749.9</b>	<b>749.9</b>

**FOURTH JUDICIAL DISTRICT COURT**

The purpose of the fourth judicial district court program, statutorily created in Mora, San Miguel and Guadalupe counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	156%	114%	100%	100%	100%
Outcome	Days to disposition for civil cases	168.0	226.0	540.0	540.0	500.0
Outcome	Age of active pending criminal cases, in days	260.0	234.0	365.0	365.0	340.0
Outcome	Age of active pending civil cases, in days	385.0	350.0	540.0	540.0	500.0
Outcome	Days to disposition for criminal cases	223.0	238.0	365.0	365.0	365.0
Explanatory	Number of active cases pending	1,377.0	956.0	N/A	N/A	N/A
Explanatory	Number of jury trials	5.0	7.0	N/A	N/A	N/A

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	10,528.0	12,052.7	12,528.3	12,694.9	5.3
Other Transfers	777.1	644.4	648.7	648.7	0.7
Other Revenues	257.3	287.9	352.4	352.4	22.4
<b>TOTAL SOURCES</b>	<b>11,562.4</b>	<b>12,985.0</b>	<b>13,529.4</b>	<b>13,696.0</b>	<b>5.5</b>
<b>USES</b>					
Operations	11,437.8	12,985.0	13,529.4	13,696.0	5.5
<b>TOTAL USES</b>	<b>11,437.8</b>	<b>12,985.0</b>	<b>13,529.4</b>	<b>13,696.0</b>	<b>5.5</b>
<b>FTE</b>					
Permanent	123.0	132.5	132.5	132.5	0.0
Term	1.0	1.0	1.0	1.0	0.0
<b>TOTAL FTE</b>	<b>124.0</b>	<b>133.5</b>	<b>133.5</b>	<b>133.5</b>	<b>0.0</b>

**FIFTH JUDICIAL DISTRICT COURT**

The purpose of the fifth judicial district court program, statutorily created in Eddy, Chaves and Lea counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	129%	105%	100%	100%	100%
Outcome	Days to disposition for civil cases	205.0	210.0	540.0	540.0	500.0
Outcome	Age of active pending criminal cases, in days	227.0	224.0	365.0	365.0	300.0
Outcome	Days to disposition for criminal cases	204.0	241.0	365.0	365.0	350.0
Outcome	Age of active pending civil cases, in days	288.0	289.0	540.0	540.0	510.0
Explanatory	Number of jury trials	46.0	53.0	N/A	N/A	N/A
Explanatory	Number of active cases pending	6,294.0	5,697.0	N/A	N/A	N/A

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	5,457.6	6,105.4	6,618.7	6,869.7	12.5
Other Transfers	486.4	237.7	539.3	539.3	126.9
Other Revenues	58.0	48.0	46.4	46.4	(3.3)
Fund Balance	0.0	29.0	29.0	29.0	0.0
<b>TOTAL SOURCES</b>	<b>6,002.0</b>	<b>6,420.1</b>	<b>7,233.4</b>	<b>7,484.4</b>	<b>16.6</b>
<b>USES</b>					
Operations	5,960.8	6,420.1	7,233.4	7,484.4	16.6
<b>TOTAL USES</b>	<b>5,960.8</b>	<b>6,420.1</b>	<b>7,233.4</b>	<b>7,484.4</b>	<b>16.6</b>
<b>FTE</b>					
Permanent	66.0	64.5	68.5	65.5	1.6
Term	2.0	0.5	0.5	0.5	0.0
<b>TOTAL FTE</b>	<b>68.0</b>	<b>65.0</b>	<b>69.0</b>	<b>66.0</b>	<b>1.5</b>

**BASE EXPANSION LISTING**  
**FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	New Paralegal	P236	194.9	0.0
<b>TOTAL</b>			<b>194.9</b>	<b>0.0</b>

**SIXTH JUDICIAL DISTRICT COURT**

The purpose of the sixth judicial district court program, statutorily created in Grant, Luna and Hidalgo counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	133%	99%	100%	100%	100%
Outcome	Days to disposition for civil cases	204.0	221.0	540.0	540.0	300.0
Explanatory	Number of active cases pending	1,580.0	1,561.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	261.0	200.0	365.0	365.0	320.0
Explanatory	Number of jury trials	9.0	11.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	132.0	142.0	540.0	540.0	280.0
Outcome	Age of active pending criminal cases, in days	175.0	178.0	365.0	365.0	365.0

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	4,042.1	4,448.6	4,790.8	4,678.3	5.2
Other Transfers	452.7	474.5	475.7	475.7	0.3
Other Revenues	22.2	36.0	35.0	35.0	(2.8)
<b>TOTAL SOURCES</b>	<b>4,517.0</b>	<b>4,959.1</b>	<b>5,301.5</b>	<b>5,189.0</b>	<b>4.6</b>
<b>USES</b>					
Operations	4,405.6	4,959.1	5,301.5	5,189.0	4.6
<b>TOTAL USES</b>	<b>4,405.6</b>	<b>4,959.1</b>	<b>5,301.5</b>	<b>5,189.0</b>	<b>4.6</b>
<b>FTE</b>					
Permanent	49.0	49.0	49.0	49.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>53.0</b>	<b>53.0</b>	<b>53.0</b>	<b>53.0</b>	<b>0.0</b>

**SEVENTH JUDICIAL DISTRICT COURT**

The purpose of the seventh judicial district court program, statutorily created in Torrance, Socorro, Catron and Sierra counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	111%	99%	100%	100%	100%
Outcome	Age of active pending civil cases, in days	678.0	666.0	540.0	540.0	540.0
Outcome	Days to disposition for criminal cases	179.0	237.0	365.0	365.0	365.0
Explanatory	Number of jury trials	3.0	4.0	N/A	N/A	N/A
Outcome	Age of active pending criminal cases, in days	241.0	263.0	365.0	365.0	365.0
Outcome	Days to disposition for civil cases	256.0	416.0	180.0	540.0	540.0
Explanatory	Number of active cases pending	2,066.0	2,121.0	N/A	N/A	N/A



**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	4,675.2	5,376.3	5,937.9	5,870.5	9.2
Other Transfers	511.6	178.0	179.3	179.3	0.7
Federal Revenues	46.1	45.0	0.0	0.0	(100.0)
Other Revenues	37.5	106.0	106.0	106.0	0.0
Fund Balance	0.0	33.7	43.0	43.0	27.6
<b>TOTAL SOURCES</b>	<b>5,270.4</b>	<b>5,739.0</b>	<b>6,266.2</b>	<b>6,198.8</b>	<b>8.0</b>
<b>USES</b>					
Operations	5,205.0	5,739.0	6,266.2	6,198.8	8.0
<b>TOTAL USES</b>	<b>5,205.0</b>	<b>5,739.0</b>	<b>6,266.2</b>	<b>6,198.8</b>	<b>8.0</b>
<b>FTE</b>					
Permanent	58.0	57.0	58.0	58.0	1.8
Term	1.0	0.0	0.0	0.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>60.0</b>	<b>57.0</b>	<b>58.0</b>	<b>58.0</b>	<b>1.8</b>

**EIGHTH JUDICIAL DISTRICT COURT**

The purpose of the eighth judicial district court program, statutorily created in Taos, Colfax and Union counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	125%	109%	100%	100%	100%
Outcome	Age of active pending criminal cases, in days	305.0	327.0	365.0	365.0	365.0
Explanatory	Number of jury trials	22.0	25.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	266.0	361.0	365.0	365.0	365.0
Explanatory	Number of active cases pending	1,948.0	1,614.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	521.0	499.0	540.0	540.0	540.0
Outcome	Days to disposition for civil cases	216.0	251.0	540.0	540.0	500.0

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	5,070.6	5,723.3	6,234.6	6,206.7	8.4
Other Transfers	844.1	1,767.3	264.6	264.6	(85.0)
Other Revenues	59.9	69.0	56.0	56.0	(18.8)
Fund Balance	(3.9)	0.0	25.5	25.5	0.0
<b>TOTAL SOURCES</b>	<b>5,970.7</b>	<b>7,559.6</b>	<b>6,580.7</b>	<b>6,552.8</b>	<b>(13.3)</b>
<b>USES</b>					
Operations	5,944.0	7,559.6	6,580.7	6,552.8	(13.3)
<b>TOTAL USES</b>	<b>5,944.0</b>	<b>7,559.6</b>	<b>6,580.7</b>	<b>6,552.8</b>	<b>(13.3)</b>
<b>FTE</b>					
Permanent	62.0	63.0	63.0	63.0	0.0
Term	1.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>63.0</b>	<b>63.0</b>	<b>63.0</b>	<b>63.0</b>	<b>0.0</b>

**NINTH JUDICIAL DISTRICT COURT**

The purpose of the ninth judicial district court program, statutorily created in Curry and Roosevelt counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	130%	117%	100%	100%	100%
Explanatory	Number of active cases pending	2,272.0	1,604.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	245.0	223.0	365.0	365.0	300.0
Explanatory	Number of jury trials	52.0	43.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	1,074.0	318.0	540.0	540.0	500.0
Outcome	Days to disposition for civil cases	212.0	468.0	540.0	540.0	540.0
Outcome	Age of active pending criminal cases, in days	270.0	253.0	365.0	365.0	365.0

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,833.9	2,015.3	2,182.4	2,172.6	7.8
Other Transfers	33.7	0.0	0.0	0.0	0.0
Other Revenues	12.1	8.4	8.4	8.4	0.0
<b>TOTAL SOURCES</b>	<b>1,879.7</b>	<b>2,023.7</b>	<b>2,190.8</b>	<b>2,181.0</b>	<b>7.8</b>
<b>USES</b>					
Operations	1,870.4	2,023.7	2,190.8	2,181.0	7.8
<b>TOTAL USES</b>	<b>1,870.4</b>	<b>2,023.7</b>	<b>2,190.8</b>	<b>2,181.0</b>	<b>7.8</b>
<b>FTE</b>					
Permanent	19.0	19.0	19.0	19.0	0.0
<b>TOTAL FTE</b>	<b>19.0</b>	<b>19.0</b>	<b>19.0</b>	<b>19.0</b>	<b>0.0</b>

**TENTH JUDICIAL DISTRICT COURT**

The purpose of the tenth judicial district court program, statutorily created in Quay, De Baca and Harding counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	110%	105%	100%	100%	100%
Outcome	Days to disposition for civil cases	228.0	484.0	540.0	540.0	540.0
Explanatory	Number of active cases pending	636.0	564.0	N/A	N/A	N/A
Outcome	Age of active pending criminal cases, in days	214.0	192.0	365.0	365.0	300.0
Outcome	Days to disposition for criminal cases	183.0	186.0	365.0	365.0	300.0
Explanatory	Number of jury trials	2.0	1.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	624.0	652.0	540.0	540.0	540.0

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	10,532.7	12,180.2	13,193.1	13,278.4	9.0
Other Transfers	1,557.3	980.6	997.6	997.6	1.7
Other Revenues	285.6	197.0	197.0	197.0	0.0
Fund Balance	0.0	212.0	212.0	212.0	0.0
<b>TOTAL SOURCES</b>	<b>12,375.6</b>	<b>13,569.8</b>	<b>14,599.7</b>	<b>14,685.0</b>	<b>8.2</b>
<b>USES</b>					
Operations	12,072.2	13,569.8	14,599.7	14,685.0	8.2
<b>TOTAL USES</b>	<b>12,072.2</b>	<b>13,569.8</b>	<b>14,599.7</b>	<b>14,685.0</b>	<b>8.2</b>
<b>FTE</b>					
Permanent	135.0	129.0	135.0	133.0	3.1
Term	9.0	12.5	12.5	12.5	0.0
<b>TOTAL FTE</b>	<b>144.0</b>	<b>141.5</b>	<b>147.5</b>	<b>145.5</b>	<b>2.8</b>

**BASE EXPANSION LISTING**  
**FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Magistrate Court Security	P241	178.2	178.2
2	Magistrate Court-Judicial Specialist 2	P241	59.4	59.4
3	Financial Specialist	P241	65.9	0.0
4	District Court-Judicial Specialist 2	P241	59.4	59.4
5	IT Specialist	P241	91.3	0.0
<b>TOTAL</b>			<b>454.2</b>	<b>297.0</b>

**ELEVENTH JUDICIAL DISTRICT COURT**

The purpose of the eleventh judicial district court program, statutorily created in San Juan and McKinley counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	129%	99%	100%	100%	100%
Outcome	Age of active pending criminal cases, in days	212.0	189.0	365.0	365.0	300.0
Outcome	Days to disposition for criminal cases	184.0	188.0	365.0	365.0	300.0
Explanatory	Number of active cases pending	4,220.0	3,562.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	520.0	391.0	540.0	540.0	540.0
Outcome	Days to disposition for civil cases	230.0	193.0	540.0	540.0	500.0
Explanatory	Number of jury trials	23.0	31.0	N/A	N/A	N/A

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	5,242.5	5,815.1	6,309.4	6,356.1	9.3
Other Transfers	310.7	125.5	126.8	126.8	1.0
Other Revenues	47.1	81.9	81.9	81.9	0.0
Fund Balance	0.0	55.1	55.1	55.1	0.0
<b>TOTAL SOURCES</b>	<b>5,600.3</b>	<b>6,077.6</b>	<b>6,573.2</b>	<b>6,619.9</b>	<b>8.9</b>
<b>USES</b>					
Operations	5,552.7	6,077.6	6,573.2	6,619.9	8.9
<b>TOTAL USES</b>	<b>5,552.7</b>	<b>6,077.6</b>	<b>6,573.2</b>	<b>6,619.9</b>	<b>8.9</b>
<b>FTE</b>					
Permanent	63.0	67.5	69.5	69.5	3.0
Term	1.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>64.0</b>	<b>67.5</b>	<b>69.5</b>	<b>69.5</b>	<b>3.0</b>

**BASE EXPANSION LISTING**  
**FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	PreTrial Services	P242	229.3	229.3
<b>TOTAL</b>			<b>229.3</b>	<b>229.3</b>

**TWELFTH JUDICIAL DISTRICT COURT**

The purpose of the twelfth judicial district court program, statutorily created in Otero and Lincoln counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	142%	106%	100%	100%	100%
Outcome	Days to disposition for civil cases	305.0	341.0	540.0	540.0	500.0
Outcome	Age of active pending criminal cases, in days	357.0	321.0	365.0	365.0	365.0
Explanatory	Number of active cases pending	3,164.0	2,747.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	232.0	289.0	365.0	365.0	365.0
Outcome	Age of active pending civil cases, in days	523.0	349.0	540.0	540.0	500.0
Explanatory	Number of jury trials	70.0	68.0	N/A	N/A	N/A

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	10,797.2	12,261.7	13,633.0	13,706.3	11.8
Other Transfers	1,633.5	932.2	846.9	846.9	(9.2)
Other Revenues	293.2	210.0	160.0	160.0	(23.8)
Fund Balance	0.0	239.9	235.9	235.9	(1.7)
<b>TOTAL SOURCES</b>	<b>12,723.9</b>	<b>13,643.8</b>	<b>14,875.8</b>	<b>14,949.1</b>	<b>9.6</b>
<b>USES</b>					
Operations	12,588.9	13,643.8	14,875.8	14,949.1	9.6
<b>TOTAL USES</b>	<b>12,588.9</b>	<b>13,643.8</b>	<b>14,875.8</b>	<b>14,949.1</b>	<b>9.6</b>
<b>FTE</b>					
Permanent	121.0	135.0	126.0	126.0	(6.7)
Term	14.0	9.0	12.0	12.0	33.3
<b>TOTAL FTE</b>	<b>135.0</b>	<b>144.0</b>	<b>138.0</b>	<b>138.0</b>	<b>(4.2)</b>

**THIRTEENTH JUDICIAL DISTRICT COURT**

The purpose of the thirteenth judicial district court program, statutorily created in Valencia, Sandoval and Cibola counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	140%	110%	200%	100%	100%
Outcome	Age of active pending civil cases, in days	417.0	461.0	200.0	540.0	500.0
Outcome	Days to disposition for civil cases	288.0	279.0	120.0	540.0	500.0
Outcome	Age of active pending criminal cases, in days	376.0	328.0	180.0	365.0	365.0
Explanatory	Number of jury trials	12.0	16.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	274.0	295.0	90.0	365.0	365.0
Explanatory	Number of active cases pending	7,207.0	6,078.0	N/A	N/A	N/A

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	25,115.0	27,476.7	28,446.4	28,827.0	4.9
Other Transfers	719.2	547.2	553.6	553.6	1.2
Federal Revenues	362.0	789.1	389.3	389.3	(50.7)
Other Revenues	2,309.6	2,549.2	2,948.2	2,948.2	15.7
Fund Balance	0.0	57.3	45.3	45.3	(20.9)
<b>TOTAL SOURCES</b>	<b>28,505.8</b>	<b>31,419.5</b>	<b>32,382.8</b>	<b>32,763.4</b>	<b>4.3</b>
<b>USES</b>					
Operations	28,168.5	31,419.5	32,382.8	32,763.4	4.3
<b>TOTAL USES</b>	<b>28,168.5</b>	<b>31,419.5</b>	<b>32,382.8</b>	<b>32,763.4</b>	<b>4.3</b>
<b>FTE</b>					
Permanent	313.0	302.0	302.0	302.0	0.0
Term	23.5	34.5	34.5	34.5	0.0
<b>TOTAL FTE</b>	<b>336.5</b>	<b>336.5</b>	<b>336.5</b>	<b>336.5</b>	<b>0.0</b>

**COURT REGULAR**

The purpose of the Bernalillo county metropolitan court program is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	89%	108%	100%	100%	100%
Explanatory	Number of active cases pending	12,412.0	9,593.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	100.0	85.0	180.0	180.0	180.0
Outcome	Age of active pending criminal cases, in days	103.0	73.0	180.0	180.0	180.0
Outcome	Age of active pending civil cases, in days	165.0	157.0	180.0	180.0	180.0
Outcome	Days to disposition for civil cases	154.0	124.0	180.0	180.0	180.0
Explanatory	Number of jury trials	13.0	6.0	N/A	N/A	N/A

**Statutory Authority**

Article VI, Section 24, of the New Mexico Constitution provides for the election of a district attorney in each judicial district to prosecute and defend the state in all district courts, including both criminal and civil cases in which the state or counties might be a party or might be interested. Statutory provisions relating to district attorneys are in Sections 36-1-1 through 36-1-27 NMSA 1978. County governments are statutorily required to provide facilities, maintenance, and utilities for district attorneys in Sections 36-1-8.1 NMSA 1978.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	77,921.0	88,815.9	95,163.1	93,671.9	5.5
Other Transfers	3,181.7	1,697.3	1,397.0	1,397.0	(17.7)
Federal Revenues	1,856.5	2,757.3	1,961.1	1,961.1	(28.9)
Other Revenues	1,018.9	812.0	997.0	997.0	22.8
Fund Balance	1.1	300.0	60.0	60.0	(80.0)
<b>TOTAL SOURCES</b>	<b>83,979.2</b>	<b>94,382.5</b>	<b>99,578.2</b>	<b>98,087.0</b>	<b>3.9</b>
<b>USES</b>					
Personal Services and Employee Benefits	74,239.4	86,369.8	90,872.3	89,788.0	4.0
Contractual Services	2,152.7	2,272.8	2,274.8	2,274.8	0.1
Other	6,350.4	5,739.9	6,431.1	6,024.2	5.0
<b>TOTAL USES</b>	<b>82,742.5</b>	<b>94,382.5</b>	<b>99,578.2</b>	<b>98,087.0</b>	<b>3.9</b>
<b>FTE</b>					
Permanent	977.0	940.0	972.0	969.0	3.1
Term	46.0	69.0	58.0	58.0	(15.9)
Temporary	17.0	4.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>1,040.0</b>	<b>1,013.0</b>	<b>1,034.0</b>	<b>1,031.0</b>	<b>1.8</b>

**At A Glance**

Statewide, district attorney offices requested a general fund revenue increase of \$6.3 million, or 7.1 percent, compared with FY23 funding levels. The requested general fund increase was partially offset by the loss of other transfer revenue anticipated for FY24; nongeneral fund revenue fell by \$911 thousand. The increases were focused on the personnel services and benefits category for attorney raises and to fill vacant positions. Several district attorney offices requested general fund revenue increases to offset lapsing federal grant funding, a priority statewide.

The committee recommendation increases general fund revenue by \$4.9 million, or 5.5 percent, compared with the FY22 operating budget. The LFC recommendation includes an average 2 percent salary increase for all attorneys and staff and fully funds all requests to replace lapsing grant funding with general fund revenue.

**Budget Issues**

The district attorneys are responsible for maintaining their own pay plan outside of the state classified pay system. Providing compensation adequate to recruit and retain employees has been a major area of concern statewide. The 2022 General Appropriation Act provided a targeted salary increase of 3.5 percent for attorneys in urban areas and 6.5 percent for those in rural areas. Despite this, the vacancy rate remains persistently high. The statewide average funded vacancy rate was 11 percent at budget submission, with four districts reporting funded vacancies over 15 percent.

Attorney caseload for nearly every district remains below prepandemic levels, though several districts saw increases in FY22 compared with FY21. However, the Administrative Office of the District Attorneys reports many offices face constraints due to an insufficient number of attorneys. Offices statewide also report a changing mix of case types, with the number of felony cases increasing and the number of misdemeanor cases decreasing. The reporting change in case types lead to higher workloads but may not translate to higher measured caseloads.

The committee recommends a 5.5 percent general fund increase for statewide district attorney offices. The recommendation is composed of three components: an average 3.6 percent base increase, which includes general fund revenue to offset lapsing grant funding; an average 2 percent salary



increase for all staff and attorneys to promote recruitment and retention and lower the vacancy rate; and a targeted workload adjustment. Statewide, district attorney offices received a total \$350 thousand general fund revenue increase for the workload adjustment, and workload funding was targeted based on growth in the number of referred cases and referred cases per attorney from FY19 to FY22. The LFC recommendation provides increases ranging from 1.9 percent to 15.8 percent. In general, districts receiving over 10 percent general fund revenue were replacing lapsing grant funding.

**Base Expansion Listing**

Statewide, district attorney offices requested 19 expansion positions, 10 of which are to replace lapsing nongeneral fund revenues. The committee recommends replacing all positions funded by lapsing grant funding and includes include two IT positions, two attorney positions, and a pretrial services position.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	6,085.7	7,319.8	8,198.3	8,095.5	10.6
Other Transfers	357.7	183.7	152.6	152.6	(16.9)
Federal Revenues	101.1	120.1	120.1	120.1	0.0
Other Revenues	142.3	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>6,686.8</b>	<b>7,623.6</b>	<b>8,471.0</b>	<b>8,368.2</b>	<b>9.8</b>
<b>USES</b>					
Personal Services and Employee Benefits	6,014.3	7,197.8	7,762.2	7,659.4	6.4
Contractual Services	39.7	22.8	97.8	97.8	328.9
Other	449.3	403.0	611.0	611.0	51.6
<b>TOTAL USES</b>	<b>6,503.3</b>	<b>7,623.6</b>	<b>8,471.0</b>	<b>8,368.2</b>	<b>9.8</b>
<b>FTE</b>					
Permanent	80.0	75.0	80.0	79.0	5.3
Term	4.0	5.0	5.0	5.0	0.0
<b>TOTAL FTE</b>	<b>84.0</b>	<b>80.0</b>	<b>85.0</b>	<b>84.0</b>	<b>5.0</b>

**BASE EXPANSION LISTING**  
FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Information Systems Manager	P251	122.3	0.0
2	Assistant Trial Attorney	P251	328.4	209.5
3	Victim Witness Assistant	P251	82.3	82.3
<b>TOTAL</b>			<b>533.0</b>	<b>291.8</b>

**FIRST JUDICIAL DISTRICT ATTORNEY**

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Santa Fe, Rio Arriba and Los Alamos counties.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Average attorney caseload	0.0	0.0	N/A	N/A	N/A
Efficiency	Average time from filing of charges to final disposition for adults, in months	10.0	9.0	9.0	0.0	9.0
Outcome	Number of cases prosecuted	2,674.0	2,690.0	3,000.0	0.0	3,000.0
Explanatory	Number of cases referred for screening	4,731.0	4,105.0	N/A	N/A	N/A
Output	Number of cases handled per attorney	179.0	155.0	150.0	0.0	150.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	115.0	21.0	170.0	170.0	170.0

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Average number of cases added to attorney caseloads	179.0	155.0	150.0	150.0	150.0
* Explanatory	Percent of pretrial detention motions granted	40%	0%	N/A	N/A	N/A
Explanatory	Percent of cases diverted to alternative sentencing treatment	0%	0%	N/A	N/A	N/A
Explanatory	Average time from filing petition to final disposition for juveniles, in months	6.0	4.0	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	132.0	0.0	N/A	N/A	N/A

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	24,499.9	27,510.7	27,825.5	28,302.2	2.9
Other Transfers	1,236.8	979.7	768.0	768.0	(21.6)
Federal Revenues	428.4	1,391.7	670.6	670.6	(51.8)
Other Revenues	704.7	468.7	572.5	572.5	22.1
<b>TOTAL SOURCES</b>	<b>26,869.8</b>	<b>30,350.8</b>	<b>29,836.6</b>	<b>30,313.3</b>	<b>(0.1)</b>
<b>USES</b>					
Personal Services and Employee Benefits	23,758.0	26,671.0	26,683.3	27,160.0	1.8
Contractual Services	1,003.8	1,259.9	1,044.9	1,044.9	(17.1)
Other	1,874.7	2,419.9	2,108.4	2,108.4	(12.9)
<b>TOTAL USES</b>	<b>26,636.5</b>	<b>30,350.8</b>	<b>29,836.6</b>	<b>30,313.3</b>	<b>(0.1)</b>
<b>FTE</b>					
Permanent	308.0	300.0	309.0	309.0	3.0
Term	20.0	29.0	24.0	24.0	(17.2)
Temporary	17.0	4.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>345.0</b>	<b>333.0</b>	<b>337.0</b>	<b>337.0</b>	<b>1.2</b>

**BASE EXPANSION LISTING**  
**FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Expired Grant Positions	P252	314.8	314.8
<b>TOTAL</b>			<b>314.8</b>	<b>314.8</b>

**SECOND JUDICIAL DISTRICT ATTORNEY**

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Bernalillo county.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Average attorney caseload	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of cases referred for screening	17,979.0	16,434.0	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	464.0	285.0	300.0	300.0	300.0
Output	Number of cases prosecuted as a percent of those referred for screening	N/A	N/A	N/A	N/A	N/A
Output	Number of cases handled per attorney	401.0	592.0	175.0	175.0	175.0
Efficiency	Average time from filing petition to final disposition for juveniles, in months	6.0	7.0	6.0	6.0	6.0

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Efficiency	Average time from filing charges to final disposition for adults, in months	9.0	5.0	9.0	9.0	9.0
Outcome	Number of cases prosecuted	11,936.0	8,296.0	18,000.0	10,000.0	13,000.0
* Explanatory	Number of pretrial detention motions made	1,133.0	1,099.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	186.0	179.0	185.0	0.0	185.0
* Explanatory	Percent of pretrial detention motions granted	54.0%	53.0%	N/A	N/A	N/A

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	5,411.8	6,000.6	6,702.3	6,446.2	7.4
Other Transfers	186.9	61.7	77.6	77.6	25.8
Federal Revenues	311.4	340.9	340.9	340.9	0.0
Fund Balance	1.1	150.0	0.0	0.0	(100.0)
<b>TOTAL SOURCES</b>	<b>5,911.2</b>	<b>6,553.2</b>	<b>7,120.8</b>	<b>6,864.7</b>	<b>4.8</b>
<b>USES</b>					
Personal Services and Employee Benefits	5,029.1	6,263.8	6,449.1	6,475.3	3.4
Contractual Services	251.8	20.2	20.2	20.2	0.0
Other	630.3	269.2	651.5	369.2	37.1
<b>TOTAL USES</b>	<b>5,911.2</b>	<b>6,553.2</b>	<b>7,120.8</b>	<b>6,864.7</b>	<b>4.8</b>
<b>FTE</b>					
Permanent	69.0	63.0	65.0	64.0	1.6
Term	3.0	7.0	7.0	7.0	0.0
<b>TOTAL FTE</b>	<b>72.0</b>	<b>70.0</b>	<b>72.0</b>	<b>71.0</b>	<b>1.4</b>

**BASE EXPANSION LISTING**  
FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	VictimWitness Assistant	P253	82.3	82.3
2	Program Administrator	P253	101.1	0.0
<b>TOTAL</b>			<b>183.4</b>	<b>82.3</b>

**THIRD JUDICIAL DISTRICT ATTORNEY**

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Dona Ana county.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Average attorney caseload	0.0	356.0	N/A	N/A	N/A
Efficiency	Average time from filing of charges to final disposition for adults, in months	18.0	13.0	12.0	12.0	12.0
Explanatory	Number of cases referred for screening	4,365.0	5,174.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	3,086.0	3,905.0	4,000.0	4,000.0	4,000.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	23.0	39.0	50.0	50.0	50.0

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Explanatory	Percent of pretrial detention motions granted	31%	33%	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	166.0	203.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	380.0	0.0	230.0	0.0	230.0
Output	Number of cases handled per attorney	N/A	N/A	N/A	N/A	N/A
Efficiency	Average time from filing petition to final disposition for juveniles, in months	7.0	5.0	6.0	6.0	6.0

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	3,628.2	4,016.3	4,457.8	4,311.2	7.3
Other Transfers	67.1	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>3,695.3</b>	<b>4,016.3</b>	<b>4,457.8</b>	<b>4,311.2</b>	<b>7.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,383.1	3,726.9	4,130.5	3,983.9	6.9
Contractual Services	78.7	78.6	78.8	78.8	0.3
Other	233.4	210.8	248.5	248.5	17.9
<b>TOTAL USES</b>	<b>3,695.2</b>	<b>4,016.3</b>	<b>4,457.8</b>	<b>4,311.2</b>	<b>7.3</b>
<b>FTE</b>					
Permanent	42.0	42.0	42.0	42.0	0.0
<b>TOTAL FTE</b>	<b>42.0</b>	<b>42.0</b>	<b>42.0</b>	<b>42.0</b>	<b>0.0</b>

**FOURTH JUDICIAL DISTRICT ATTORNEY**

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Mora, San Miguel and Guadalupe counties.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Average attorney caseload	0.0	308.0	N/A	N/A	N/A
Output	Number of cases referred for screening	1,812.0	1,914.0	1,800.0	1,914.0	1,914.0
Explanatory	Average time from filing of charges to final disposition for adults, in months	8.0	8.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	1,445.0	1,748.0	1,400.0	1,500.0	1,500.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	51.0	39.0	50.0	40.0	50.0
* Explanatory	Number of pretrial detention motions made	12.0	0.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	100%	0%	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	259.0	319.0	225.0	250.0	225.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	4.0	6.0	N/A	N/A	N/A



**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	6,023.6	7,003.6	6,881.8	6,981.2	(0.3)
Other Transfers	238.2	0.0	0.0	0.0	0.0
Federal Revenues	283.4	287.7	287.7	287.7	0.0
<b>TOTAL SOURCES</b>	<b>6,545.2</b>	<b>7,291.3</b>	<b>7,169.5</b>	<b>7,268.9</b>	<b>(0.3)</b>
<b>USES</b>					
Personal Services and Employee Benefits	6,085.1	6,901.3	6,676.4	6,775.8	(1.8)
Contractual Services	29.7	150.6	147.5	147.5	(2.1)
Other	412.3	239.4	345.6	345.6	44.4
<b>TOTAL USES</b>	<b>6,527.1</b>	<b>7,291.3</b>	<b>7,169.5</b>	<b>7,268.9</b>	<b>(0.3)</b>
<b>FTE</b>					
Permanent	81.0	78.0	81.0	81.0	3.8
Term	3.0	3.0	3.0	3.0	0.0
<b>TOTAL FTE</b>	<b>84.0</b>	<b>81.0</b>	<b>84.0</b>	<b>84.0</b>	<b>3.7</b>

**FIFTH JUDICIAL DISTRICT ATTORNEY**

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Eddy, Lea and Chaves counties.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Average attorney caseload	0.0	342.0	N/A	N/A	N/A
Efficiency	Average time from filing of charges to final disposition for adults, in months	7.0	7.0	6.0	0.0	6.0
Outcome	Number of cases prosecuted	6,584.0	5,723.0	7,000.0	6,000.0	7,000.0
Explanatory	Number of cases referred for screening	0.0	0.0	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	60.0	35.0	100.0	50.0	100.0
* Explanatory	Percent of pretrial detention motions granted	0%	0%	N/A	N/A	N/A
Efficiency	Average time from filing petition to final disposition for juveniles, in months	5.0	5.0	4.0	5.0	4.0
* Explanatory	Number of pretrial detention motions made	149.0	104.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	337.0	42.0	300.0	0.0	300.0

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	3,276.4	3,751.1	3,759.9	3,833.8	2.2
Other Transfers	168.4	105.3	143.2	143.2	36.0
Federal Revenues	140.6	112.8	112.7	112.7	(0.1)
<b>TOTAL SOURCES</b>	<b>3,585.4</b>	<b>3,969.2</b>	<b>4,015.8</b>	<b>4,089.7</b>	<b>3.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,301.1	3,676.2	3,722.5	3,796.4	3.3
Contractual Services	14.4	14.2	14.2	14.2	0.0
Other	303.2	278.8	279.1	279.1	0.1
<b>TOTAL USES</b>	<b>3,618.7</b>	<b>3,969.2</b>	<b>4,015.8</b>	<b>4,089.7</b>	<b>3.0</b>
<b>FTE</b>					
Permanent	37.0	36.0	36.0	36.0	0.0
Term	3.0	4.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>40.0</b>	<b>40.0</b>	<b>40.0</b>	<b>40.0</b>	<b>0.0</b>

**SIXTH JUDICIAL DISTRICT ATTORNEY**

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Grant, Hidalgo and Luna counties.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Average attorney caseload	N/A	N/A	N/A	N/A	N/A
Efficiency	Average time from filing of charges to final disposition for adults, in months	8.0	7.0	10.0	10.0	10.0
Outcome	Number of cases prosecuted	2,182.0	2,266.0	2,100.0	2,300.0	2,300.0
Explanatory	Number of cases referred for screening	2,610.0	2,593.0	N/A	N/A	N/A
Output	Number of cases handled per attorney	N/A	N/A	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	20.0	13.0	20.0	15.0	20.0
* Explanatory	Percent of pretrial detention motions granted	81%	0%	N/A	N/A	N/A
Efficiency	Average time from filing petition to final disposition for juveniles, in months	3.0	4.0	2.0	2.0	2.0
* Explanatory	Number of pretrial detention motions made	26.0	0.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	290.0	370.0	150.0	150.0	150.0

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	2,871.0	3,241.3	3,427.9	3,498.9	7.9
Other Transfers	52.1	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>2,923.1</b>	<b>3,241.3</b>	<b>3,427.9</b>	<b>3,498.9</b>	<b>7.9</b>
<b>USES</b>					
Personal Services and Employee Benefits	2,700.5	3,050.3	3,226.9	3,297.9	8.1
Contractual Services	17.9	14.8	15.3	15.3	3.4
Other	156.1	176.2	185.7	185.7	5.4
<b>TOTAL USES</b>	<b>2,874.5</b>	<b>3,241.3</b>	<b>3,427.9</b>	<b>3,498.9</b>	<b>7.9</b>
<b>FTE</b>					
Permanent	36.0	36.0	36.0	36.0	0.0
<b>TOTAL FTE</b>	<b>36.0</b>	<b>36.0</b>	<b>36.0</b>	<b>36.0</b>	<b>0.0</b>

**SEVENTH JUDICIAL DISTRICT ATTORNEY**

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Catron, Sierra, Socorro and Torrance counties.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Average attorney caseload	N/A	N/A	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	10.0	16.0	40.0	40.0	40.0
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	3.0	5.0	5.0	5.0	5.0
Efficiency	Average time from filing of petition to final disposition for adults, in months	8.0	9.0	7.0	8.0	7.0
Outcome	Number of cases prosecuted	1,298.0	1,373.0	1,600.0	1,500.0	1,600.0
* Explanatory	Number of pretrial detention motions made	39.0	0.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	79%	0%	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	195.0	211.0	185.0	185.0	185.0
Explanatory	Number of cases referred for screening	1,654.0	0.0	N/A	N/A	N/A

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	3,222.2	3,603.4	3,956.8	4,030.5	11.9
Other Transfers	62.3	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>3,284.5</b>	<b>3,603.4</b>	<b>3,956.8</b>	<b>4,030.5</b>	<b>11.9</b>
<b>USES</b>					
Personal Services and Employee Benefits	2,883.7	3,366.0	3,573.2	3,646.9	8.3
Contractual Services	168.5	74.8	146.1	146.1	95.3
Other	214.8	162.6	237.5	237.5	46.1
<b>TOTAL USES</b>	<b>3,267.0</b>	<b>3,603.4</b>	<b>3,956.8</b>	<b>4,030.5</b>	<b>11.9</b>
<b>FTE</b>					
Permanent	35.0	35.0	37.0	37.0	5.7
<b>TOTAL FTE</b>	<b>35.0</b>	<b>35.0</b>	<b>37.0</b>	<b>37.0</b>	<b>5.7</b>

**BASE EXPANSION LISTING**  
FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	IT Assistant	P258	65.9	65.9
0	IT Technology Administrator	P258	90.5	90.5
<b>TOTAL</b>			<b>156.4</b>	<b>156.4</b>

**EIGHTH JUDICIAL DISTRICT ATTORNEY**

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Taos, Colfax and Union counties.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Average attorney caseload	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of cases referred for screening	1,544.0	1,683.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	1,274.0	1,387.0	1,500.0	1,400.0	1,500.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	80.0	39.0	80.0	50.0	80.0
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	3.0	6.0	12.0	10.0	10.0
Efficiency	Average time from filing of charges to final disposition for adults, in months	8.0	9.0	12.0	12.0	11.0
Output	Number of cases handled per attorney	N/A	N/A	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	205.0	240.0	150.0	150.0	150.0
* Explanatory	Number of pretrial detention motions made	30.0	43.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	63%	63%	N/A	N/A	N/A



**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	3,549.4	4,073.1	4,095.8	4,149.7	1.9
Other Transfers	69.9	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>3,619.3</b>	<b>4,073.1</b>	<b>4,095.8</b>	<b>4,149.7</b>	<b>1.9</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,286.2	3,908.4	3,916.4	3,970.3	1.6
Contractual Services	67.5	13.0	13.0	13.0	0.0
Other	250.8	151.7	166.4	166.4	9.7
<b>TOTAL USES</b>	<b>3,604.5</b>	<b>4,073.1</b>	<b>4,095.8</b>	<b>4,149.7</b>	<b>1.9</b>
<b>FTE</b>					
Permanent	40.0	40.0	40.0	40.0	0.0
<b>TOTAL FTE</b>	<b>40.0</b>	<b>40.0</b>	<b>40.0</b>	<b>40.0</b>	<b>0.0</b>

**NINTH JUDICIAL DISTRICT ATTORNEY**

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Curry and Roosevelt counties.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Average attorney caseload	N/A	N/A	N/A	N/A	N/A
Outcome	Number of cases prosecuted	2,405.0	2,190.0	2,750.0	2,300.0	2,750.0
Explanatory	Number of cases referred for screening	0.0	0.0	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	68.0	67.0	70.0	70.0	70.0
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	5.0	5.0	4.0	4.0	4.0
Efficiency	Average time from filing of charges to final disposition for adults, in months	9.0	9.0	8.0	9.0	8.0
* Explanatory	Percent of pretrial detention motions granted	37%	0%	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	105.0	0.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	239.0	253.0	190.0	210.0	190.0

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,569.9	1,791.9	1,941.2	1,985.4	10.8
Other Transfers	27.2	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>1,597.1</b>	<b>1,791.9</b>	<b>1,941.2</b>	<b>1,985.4</b>	<b>10.8</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,382.7	1,603.0	1,752.3	1,796.5	12.1
Contractual Services	34.1	25.0	25.0	25.0	0.0
Other	172.8	163.9	163.9	163.9	0.0
<b>TOTAL USES</b>	<b>1,589.6</b>	<b>1,791.9</b>	<b>1,941.2</b>	<b>1,985.4</b>	<b>10.8</b>
<b>FTE</b>					
Permanent	14.0	14.0	15.0	15.0	7.1
<b>TOTAL FTE</b>	<b>14.0</b>	<b>14.0</b>	<b>15.0</b>	<b>15.0</b>	<b>7.1</b>

**BASE EXPANSION LISTING**  
FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Program Specialist	P260	0.0	90.5
1	Program Specialist	P260	90.5	0.0
<b>TOTAL</b>			<b>90.5</b>	<b>90.5</b>

**TENTH JUDICIAL DISTRICT ATTORNEY**

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Quay, Harding and De Baca counties.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Average attorney caseload	0.0	683.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	578.0	637.0	575.0	550.0	575.0
Explanatory	Number of cases referred for screening	661.0	683.0	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	6.0	2.0	10.0	10.0	10.0
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	3.0	4.0	4.0	4.0	4.0
Efficiency	Average time from filing of charges to final disposition for adults, in months	8.0	6.0	6.0	6.0	6.0
Outcome	Average number of cases added to attorney caseloads	441.0	683.0	250.0	175.0	175.0

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	5,302.1	6,025.0	6,936.6	6,343.8	5.3
Other Transfers	229.6	136.9	136.9	136.9	0.0
Federal Revenues	234.3	234.3	234.3	234.3	0.0
<b>TOTAL SOURCES</b>	<b>5,766.0</b>	<b>6,396.2</b>	<b>7,307.8</b>	<b>6,715.0</b>	<b>5.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	4,859.0	5,867.8	6,648.0	6,139.8	4.6
Contractual Services	210.7	218.0	239.8	239.8	10.0
Other	462.4	310.4	420.0	335.4	8.1
<b>TOTAL USES</b>	<b>5,532.1</b>	<b>6,396.2</b>	<b>7,307.8</b>	<b>6,715.0</b>	<b>5.0</b>
<b>FTE</b>					
Permanent	65.0	61.0	63.0	63.0	3.3
Term	4.0	6.0	6.0	6.0	0.0
<b>TOTAL FTE</b>	<b>69.0</b>	<b>67.0</b>	<b>69.0</b>	<b>69.0</b>	<b>3.0</b>

**BASE EXPANSION LISTING**  
**FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Support Staff	P261	155.6	155.6
<b>TOTAL</b>			<b>155.6</b>	<b>155.6</b>

**ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I**

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within San Juan county.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Average attorney caseload	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of cases referred for screening	4,955.0	5,133.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	3,950.0	4,401.0	4,000.0	4,000.0	4,000.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	43.0	119.0	100.0	120.0	120.0
Output	Number of cases handled per attorney	N/A	N/A	N/A	N/A	N/A
Efficiency	Average time from filing charges to final disposition for adults, in months	8.0	8.0	8.0	7.0	7.0
Efficiency	Average time from filing petition to final disposition for juveniles, in months	6.0	6.0	6.0	4.0	4.0
* Explanatory	Percent of pretrial detention motions granted	0.00%	0.00%	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	0.0	0.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	291.0	285.0	180.0	210.0	180.0



**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	2,831.2	3,192.5	3,545.2	3,193.2	0.0
Other Transfers	45.1	0.0	0.0	0.0	0.0
Other Revenues	18.7	229.4	337.0	337.0	46.9
<b>TOTAL SOURCES</b>	<b>2,895.0</b>	<b>3,421.9</b>	<b>3,882.2</b>	<b>3,530.2</b>	<b>3.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	2,249.1	3,140.5	3,510.8	3,198.8	1.9
Contractual Services	137.3	105.9	155.9	155.9	47.2
Other	341.0	175.5	215.5	175.5	0.0
<b>TOTAL USES</b>	<b>2,727.4</b>	<b>3,421.9</b>	<b>3,882.2</b>	<b>3,530.2</b>	<b>3.2</b>
<b>FTE</b>					
Permanent	38.0	34.0	34.0	34.0	0.0
Term	0.0	4.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>38.0</b>	<b>38.0</b>	<b>38.0</b>	<b>38.0</b>	<b>0.0</b>

**ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION II**

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within McKinley county.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Average attorney caseload	0.0	864.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	1,473.0	1,257.0	1,475.0	1,150.0	1,475.0
Explanatory	Number of cases referred for screening	2,327.0	2,160.0	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	0.0	0.0	5.0	5.0	5.0
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	5.0	4.0	6.0	4.0	4.0
Outcome	Average number of cases added to attorney caseloads	517.0	864.0	300.0	200.0	200.0
* Explanatory	Number of pretrial detention motions made	0.0	7.0	N/A	N/A	N/A
Efficiency	Average time from filing of charges to final disposition for adults, in months	6.0	7.0	6.0	6.0	6.0
* Explanatory	Percent of pretrial detention motions granted	0%	70%	N/A	N/A	N/A

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	3,736.3	4,253.6	5,204.3	4,562.1	7.3
Other Transfers	319.0	230.0	118.7	118.7	(48.4)
Federal Revenues	228.0	194.8	194.8	194.8	0.0
<b>TOTAL SOURCES</b>	<b>4,283.3</b>	<b>4,678.4</b>	<b>5,517.8</b>	<b>4,875.6</b>	<b>4.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,625.5	4,278.9	5,097.5	4,455.3	4.1
Contractual Services	40.0	100.0	101.3	101.3	1.3
Other	548.1	299.5	319.0	319.0	6.5
<b>TOTAL USES</b>	<b>4,213.6</b>	<b>4,678.4</b>	<b>5,517.8</b>	<b>4,875.6</b>	<b>4.2</b>
<b>FTE</b>					
Permanent	48.0	43.0	52.0	51.0	18.6
Term	8.0	11.0	5.0	5.0	(54.5)
<b>TOTAL FTE</b>	<b>56.0</b>	<b>54.0</b>	<b>57.0</b>	<b>56.0</b>	<b>3.7</b>

**BASE EXPANSION LISTING**  
**FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	HR Expansion	P262	111.2	0.0
<b>TOTAL</b>			<b>111.2</b>	<b>0.0</b>

**TWELFTH JUDICIAL DISTRICT ATTORNEY**

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Lincoln and Otero counties.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Average attorney caseload	N/A	N/A	N/A	N/A	N/A
Outcome	Number of cases prosecuted	2,175.0	2,474.0	2,600.0	2,600.0	2,600.0
Explanatory	Number of cases referred for screening	2,459.0	0.0	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	99.0	76.0	100.0	100.0	100.0
Efficiency	Average time from filing petition to final disposition for juveniles, in months	4.0	3.0	4.0	4.0	4.0
Efficiency	Average time from filing of charges to final disposition for adults, in months	11.0	19.0	12.0	12.0	12.0
* Explanatory	Number of pretrial detention motions made	22.0	0.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	80%	0%	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	176.0	335.0	185.0	185.0	185.0

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	5,913.3	7,033.0	8,229.7	7,938.2	12.9
Other Transfers	121.3	0.0	0.0	0.0	0.0
Federal Revenues	129.4	75.0	0.0	0.0	(100.0)
Other Revenues	153.1	113.9	87.5	87.5	(23.2)
Fund Balance	0.0	150.0	60.0	60.0	(60.0)
<b>TOTAL SOURCES</b>	<b>6,317.1</b>	<b>7,371.9</b>	<b>8,377.2</b>	<b>8,085.7</b>	<b>9.7</b>
<b>USES</b>					
Personal Services and Employee Benefits	5,761.5	6,717.9	7,723.2	7,431.7	10.6
Contractual Services	126.8	175.0	175.0	175.0	0.0
Other	363.8	479.0	479.0	479.0	0.0
<b>TOTAL USES</b>	<b>6,252.1</b>	<b>7,371.9</b>	<b>8,377.2</b>	<b>8,085.7</b>	<b>9.7</b>
<b>FTE</b>					
Permanent	84.0	83.0	82.0	82.0	(1.2)
Term	1.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>85.0</b>	<b>83.0</b>	<b>82.0</b>	<b>82.0</b>	<b>(1.2)</b>

**THIRTEENTH JUDICIAL DISTRICT ATTORNEY**

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Cibola, Sandoval and Valencia counties.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Average attorney caseload	0.0	246.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	5,019.0	6,302.0	5,500.0	6,615.0	6,615.0
Explanatory	Number of cases referred for screening	5,836.0	6,139.0	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	142.0	147.0	175.0	175.0	175.0
Efficiency	Average time from filing petition to final disposition for juveniles, in months	9.0	6.0	4.0	0.0	4.0
Efficiency	Average time from filing charges to final disposition for adults, in months	10.0	14.0	9.0	0.0	9.0
* Explanatory	Number of pretrial detention motions made	0.0	0.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	0%	0%	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	201.0	246.0	175.0	175.0	175.0

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	2,443.9	2,892.2	3,635.3	3,195.5	10.5
Other Transfers	32.3	0.0	0.0	0.0	0.0
Other Revenues	612.0	306.6	113.3	113.3	(63.0)
<b>TOTAL SOURCES</b>	<b>3,088.2</b>	<b>3,198.8</b>	<b>3,748.6</b>	<b>3,308.8</b>	<b>3.4</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,540.5	1,919.0	2,180.3	1,939.0	1.0
Contractual Services	324.5	297.3	457.1	387.3	30.3
Other	938.9	982.5	1,111.2	982.5	0.0
<b>TOTAL USES</b>	<b>2,803.9</b>	<b>3,198.8</b>	<b>3,748.6</b>	<b>3,308.8</b>	<b>3.4</b>
<b>FTE</b>					
Permanent	18.0	17.0	19.0	17.0	0.0
<b>TOTAL FTE</b>	<b>18.0</b>	<b>17.0</b>	<b>19.0</b>	<b>17.0</b>	<b>0.0</b>

**At A Glance**

The Administrative Office of the District Attorneys (AODA) requested a general fund revenue increase of \$743.1 million, or 25.7 percent, from the FY23 operating budget. The request included \$100 thousand for increased contractual costs for the sexual assault safehouse contract and for the AODA compensation study, \$200 thousand for increased operational costs, and \$212.3 thousand for 2 FTE, one of which is requested to transition from a fee-funded position to general fund. AODA also requested to replace \$193 thousand in nongeneral fund revenue that was previously generated by fees defendants paid in preprosecution diversion programs, which have been eliminated.

AODA provides continuing legal education events throughout the year for district attorneys, staff, and other lawyers in the state, houses the case management system used by all district attorneys and the Attorney General, and occasionally prosecutes conflict cases.

The committee recommends an overall general fund increase of \$303.3 thousand, or 10.5 percent, from the FY23 operating budget. The recommendation includes funding for contractual cost increases associated with the sexual assault safehouse and provides modest increases for personnel costs. The recommendation supports the general fund replacement of fee revenue.

**Base Expansion**

The agency requested two expansions for new FTE, including an application developer position and a special program director. The agency requested to transition a fee-funded term position to a permanent FTE funded by the general fund. The LFC recommendation includes funding in the agency's base budget, which may be used to support the transition from a fee-funded position to the general fund. The LFC recommendation does not include funding for an application developer because AODA received funding for a new case management system in the 2022 General Appropriation Act.

**BASE EXPANSION LISTING**  
FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	IT APPLICATION DEVELOPER	P264	101.1	0.0
2	SPECIAL PROGRAM DIRECTOR	P264	111.2	0.0
<b>TOTAL</b>			<b>212.3</b>	<b>0.0</b>

**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**

The purpose of the administrative support program is to provide fiscal, human resource, staff development, automation, victim program services and support to all district attorneys' offices in New Mexico and to members of the New Mexico children's safe house network so that they may obtain and access the necessary resources to effectively and efficiently carry out their prosecutorial, investigative and programmatic functions.

**PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Efficiency	Average time to resolve IT helpdesk tickets in hours	383.0	208.0	8.0	8.0	8.0
Output	Number of continuing legal education hours provided by AODA at training events	4,578.0	4,873.0	5,300.0	5,300.0	5,300.0
Outcome	Percent of application development issues resolved	100.00%	0.00%	100.00%	100.00%	100.00%
Outcome	Number of IT and application helpdesk requests received	1,588.0	1,394.0	1,000.0	1,000.0	1,150.0

**Statutory Authority**

The Public Defender Commission (PDC) was established under Sections 31-15-1 through 31-15-12 NMSA 1978 to provide legal representation or payment to private counsel for defendants financially unable to obtain counsel and charged in any court with a crime that carries a possible sentence of imprisonment. The commission also sets standards for operation of the department and of indigence, which the courts use in determining when defendants are eligible for state-funded defense.

**Mission**

The Public Defender Commission's mission is to provide all clients with high-quality legal representation that protects their liberty and constitutional rights. As New Mexico's indigent defense advocate, the Public Defender Commission is an equal participant in the development of a responsive and fair criminal justice process.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	57,230.4	63,147.4	76,326.5	67,509.4	6.9
Other Transfers	970.1	543.5	0.0	0.0	(100.0)
Other Revenues	333.3	453.6	303.6	303.6	(33.1)
Fund Balance	0.0	150.0	150.0	150.0	0.0
<b>TOTAL SOURCES</b>	<b>58,533.8</b>	<b>64,294.5</b>	<b>76,780.1</b>	<b>67,963.0</b>	<b>5.7</b>
<b>USES</b>					
Personal Services and Employee Benefits	35,670.3	41,795.3	48,672.0	43,149.8	3.2
Contractual Services	14,561.7	16,725.5	21,976.4	18,681.5	11.7
Other	6,114.9	5,773.7	6,131.7	6,131.7	6.2
<b>TOTAL USES</b>	<b>56,346.9</b>	<b>64,294.5</b>	<b>76,780.1</b>	<b>67,963.0</b>	<b>5.7</b>
<b>FTE</b>					
Permanent	433.0	469.0	529.0	477.0	1.7
Term	3.0	5.0	5.0	5.0	0.0
Temporary	1.0	14.0	14.0	14.0	0.0
<b>TOTAL FTE</b>	<b>437.0</b>	<b>488.0</b>	<b>548.0</b>	<b>496.0</b>	<b>1.6</b>

**At A Glance**

The Public Defender Department (PDD) requested a general fund revenue increase of \$13.2 million, or 20.9 percent, from the FY23 operating budget. The requested increase included \$4.2 million to increase contract attorney compensation, \$1.2 million for targeted compensation increases, \$919 thousand for operational cost increases, and \$5.7 million to add 60 FTE, including 30 attorneys and 30 core staff.

The committee recommendation increases general fund revenue by \$4.4 million, or 6.9 percent, compared with the FY22 operating budget, and supports the agency request for all other revenue sources. The committee recommendation prioritizes the agency's request for increased compensation for staff, in-house attorneys, and contract attorneys. The recommendation also funds operational cost increases and makes modest increases to both attorney and staff positions.

**Budget Issues**

A 2022 workload study conducted for PDD recommended the agency sharply increase the number of in-house attorneys employed by the agency. Fully implementing the recommendation would increase the number of attorneys by 307, a 104 percent increase. The agency budget request included \$3.4 million for 30 new attorney FTE, which would have increased in-house attorneys by 13 percent. At budget submission, PDD reported a vacancy rate of 14.7 percent, up from 8.2 percent at the end of FY21. The agency also requested \$2.3 million for 30 new core staff FTE, including 13 case managers, 10 social workers, and seven investigators.

The department relies heavily on contract attorneys when there is a conflict of interest, where caseloads are unmanageable, and as the primary indigent defense in the 18 counties without a public defender office. In FY22, PDD used contract attorneys for 34 percent of case assignments. When

compared with PDD's in-house attorneys, contract counsel get fewer charges reduced, refer fewer cases for alternative sentencing placement, and take more time to resolve cases. Currently, most contract attorneys are paid a flat rate per case, regardless of time or labor, which may incentivize contractors to focus on the volume of cases defended rather than the quality of defense provided. The agency requested \$4.2 million in general fund revenue to increase contract attorney funding for complex cases and to increase the contractor base rate. PDD has received increased general fund revenues for contract attorney compensation for three consecutive fiscal years, totaling over \$915 thousand.

The agency requested \$1.2 million for phase two of a pay equity package. In the 2022 GAA, PDD received phase one of the package with \$200 thousand for targeted pay increases. The agency also requested \$919 thousand for operational cost increases related to the requested FTE increase, including trial expenses and compensation for nonattorney contract personnel.

The agency's budget has grown 38 percent since FY14, outpacing the total judiciary's budget, which grew by 32 percent over that period.

The committee recommendation increases general fund revenue by \$4.4 million, or 6.9 percent, from the FY23 operating budget. The recommendation includes \$1.9 million for increased contracted defense compensation, \$500 thousand for 2 percent compensation increases for all staff and attorneys, and \$800 thousand for targeted attorney pay increases to address pay disparities, improve recruitment and retention efforts, and reduce vacancies. The committee recommendation partially funds the agency's requested FTE increase. The request would expand attorney FTE by 13 percent and staff investigators, case managers, and social workers FTE by 66 percent. While the committee supports increasing staff in accordance with the workload study recommendation, such large FTE growth is inconsistent with the agency's high vacancy rate. Accordingly, the committee recommendation prioritizes compensation increases while making modest FTE increases, including \$300 thousand to expand core staff FTE by 4 and \$448 thousand to increase attorney FTE by 4. The recommendation also includes \$414 thousand for operational cost increases to align with the attorney and core staff growth and meet inflationary cost increases.

### **PUBLIC DEFENDER COMMISSION**

The purpose of the criminal legal services program is to provide effective legal representation and advocacy for eligible clients so their liberty and constitutional rights are protected and to serve the community as a partner in assuring a fair and efficient criminal justice system that sustains New Mexico's statutory and constitutional mandate to adequately fund a statewide indigent defense system.

#### **PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Output	Number of alternative sentencing treatment placements for felony, misdemeanor and juvenile clients	6,312.0	7,090.0	5,000.0	5,000.0	5,000.0
Quality	Percent of felony cases resulting in a reduction of original formally filed charges	46%	42%	70%	60%	70%
Quality	Percent of misdemeanor cases resulting in a reduction of the original formally filed charges	49%	46%	70%	60%	70%
Quality	Percent of juvenile cases resulting in a reduction of the original formally filed charges	50%	59%	0%	60%	65%
Output	Number of alternative sentencing treatment placements in felony, misdemeanor and juvenile cases for clients of contract attorneys	N/A	1,837.0	0.0	0.0	0.0
Output	Number of cases dismissed in felony, misdemeanor, and juvenile cases	N/A	24,110.0	0.0	0.0	0.0
Output	Number of cases closed by attorneys	N/A	48,442.0	0.0	0.0	0.0
Output	Average number of cases opened by district	N/A	54,362.0	0.0	0.0	0.0
Output	Difference between the number of cases opened and closed by office	N/A	89.0	0.0	0.0	0.0
* Output	Average cases assigned to attorneys yearly	223.0	264.0	330.0	330.0	330.0
Output	Average time to case disposition, in months	8.0	9.0	6.0	9.0	9.0





# General Control

**Statutory Authority**

Article V, Section 1, of the New Mexico Constitution provides for the election of the attorney general for a term of four years. The attorney general is required to be a licensed attorney and serves as a member of the New Mexico Mortgage Finance Authority, Risk Management Advisory Board, State Commission of Public Records, Judicial Council, Compilation Commission, New Mexico Border Commission, and Law Enforcement Academy Board. Sections 8-5-1 through 8-5-15 NMSA 1978 establish the functions of the attorney general and the office. The attorney general serves as the head of the Department of Justice, the state's legal officer, legal counsel to state government, and consumer advocate.

**Mission**

The New Mexico Attorney General (NMAG) provides legal opinions to various governmental entities and state officials as requested. The Attorney General's duties include prosecuting and defending all cases in which the state is an interested party in the Supreme Court, Court of Appeals, or any other court or tribunal. NMAG also provides programs and publications to educate New Mexico residents about their rights concerning governmental access and consumer protection.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	14,162.6	15,148.5	52,572.9	15,971.5	5.4
Other Transfers	11,925.6	11,667.3	13,368.7	13,368.7	14.6
Federal Revenues	3,150.5	4,228.4	4,250.7	4,250.7	0.5
Other Revenues	8,403.7	0.0	0.0	0.0	0.0
Fund Balance	0.0	143.6	0.0	0.0	(100.0)
<b>TOTAL SOURCES</b>	<b>37,642.4</b>	<b>31,187.8</b>	<b>70,192.3</b>	<b>33,590.9</b>	<b>7.7</b>
<b>USES</b>					
Personal Services and Employee Benefits	18,760.4	24,255.6	50,512.4	26,043.0	7.4
Contractual Services	1,110.6	1,417.9	1,485.8	1,434.5	1.2
Other	3,521.5	5,514.3	18,194.1	6,113.4	10.9
Other Financing Uses	14,263.1	0.0	0.0	0.0	0.0
<b>TOTAL USES</b>	<b>37,655.6</b>	<b>31,187.8</b>	<b>70,192.3</b>	<b>33,590.9</b>	<b>7.7</b>
<b>FTE</b>					
Permanent	221.0	217.0	449.0	220.0	1.4
Term	10.0	13.0	8.0	8.0	(38.5)
Temporary	1.0	3.0	2.0	2.0	(33.3)
<b>TOTAL FTE</b>	<b>232.0</b>	<b>233.0</b>	<b>459.0</b>	<b>230.0</b>	<b>(1.3)</b>

**At A Glance**

The New Mexico Attorney General (NMAG) requested a total budget increase of \$39 million, or 125.3 percent, from the FY23 operating budget. The majority of the requested increases comes from a \$35.9 million general fund revenue increase for the NMAG's Consumer and Environmental Protection Division (CEPD). The requested expansion would increase FTE by 221 and eliminate the need for NMAG to utilize contract counsel, who are compensated on a contingency basis, in complex litigation cases. NMAG also requested a \$589.8 thousand expansion to increase the NMAG special investigations Internet Crimes Against Children (ICAC) Task Force by 5 FTE. For the base budget, the request also increased the general fund revenues by \$1.5 million and increased revenue from the consumer settlement fund by \$2.3 million, or 20.1 percent.

The LFC recommendation includes \$389 thousand in expansion funding for 3 of the 5 requested special investigations FTE and increases general fund revenue by 2.3 percent to replace grant funding for NMAG programs addressing human trafficking, internet crimes against children, and school violence. The recommendation also includes modest increases to personnel and operating costs. At budget submission, the agency's funded vacancy rate was 20 percent. The recommendation increases budgeted revenue from the consumer settlement appropriation by \$2.3 million, or 20 percent.

**Budget Issues**

The Legislature has worked with NMAG to reduce dependence on use of settlement revenue in the base budget. The balance of the consumer settlement fund has increased significantly, from \$9.1 million in 2017 to \$47.1 million at the close of FY22. While the consumer settlement revenue is volatile, the strong fund balance suggests the program could use this funding source to pay for recurring costs, such as personnel, with low risk of overexpending the balance for the foreseeable future.

**Legal Services.** In the Legal Services Program, NMAG requested a general fund revenue increase of \$37.2 million, or 260 percent, from the FY23 operating budget. The majority of the request comes from an expansion of \$35.9 million to make the NMAG's Consumer and Environment Protection Division (CEPD) operational without the use of contract counsel. The expansion includes \$23.6 million for 221 FTE and \$11.7 million for the technology, trial support, and other infrastructure needed to implement such a large expansion. Currently, CEPD has 13 in-house attorneys and 12 other staff.

NMAG also requested an expansion of \$589.8 thousand to increase the size of its Special Investigations Division to better investigate internet crimes against children (ICAC). In the first half of 2022, NMAG reported an 18 percent increase in tips from the National Center for Missing and Exploited Children. Nationally, such tips have increased by over 220 percent since 2017. Currently, NMAG has one investigator to initiate an investigation, and the agency reports staff is overburdened pursuing complex investigations that often span the state. The expansion request would increase the number of FTE from five to 10 to meet this increased need.

Additionally, the agency requested a base budget general fund increase of \$1.5 million for personnel and operational costs, including \$197 thousand to fund positions supporting NMAG programs combatting human trafficking, internet crimes against children, and school violence. The base budget increase also includes expert witness fees, increased filing fees, and discovery, transcription, and other administrative costs.

The committee recommendation fully funds the agency request for the consumer settlement fund. The recommendation does not support the CEPD expansion. Increasing the number of attorney positions would strain the state's already overburdened lawyer pipeline and creates additional competition among existing state attorney positions in the Public Defender Department, district attorney offices, and other state agencies that require attorneys. The committee recommendation partially funds the special investigations ICAC task force, including \$389 thousand for 3 new FTE to expand the task force by 60 percent. A phased approach to expanding the task force is preferred to ensure the successful hiring and programmatic implementation of an expanded office while also allowing room for growth in subsequent budget cycles. The committee partially funds the base budget increase, increasing general fund revenue by \$358 thousand, or 2.3 percent, to fund positions currently funded with lapsing grant funding. The recommendation also includes modest revenue increases for inflationary and other operational expenses.

**Consumer Settlement Fund.** The Legislature has worked with NMAG to reduce dependence on use of settlement revenue in the base budget. The balance of the consumer settlement fund has increased significantly, from \$9.1 million in 2017 to \$47.1 million at the close of FY22. Fund balance projections remain strong, with the state likely receiving distributions from national opioid settlements. Currently, cases are still being litigated in New Mexico and full revenue projections are forthcoming. See *LFC Legislating for Results: Supplemental Charts and Graphs (Volume III)* for the consumer settlement fund table.

In early 2022, consumer protection settlements became subject to IRS requirements that create new incentives for settling entities to negotiate more restrictive settlement language that disallows discretionary use of settlement funds. While discretionary use of settlement funds may be more restricted, there is likely overlap between allowable uses and statewide investment priorities, including behavioral health, treatment, education, and recovery services. The Legislature should review settlement language to understand restrictions, update settlement revenue projections, and appropriate funds to satisfy settlement language requirements and meet legislative priorities.

**Medicaid Fraud.** NMAG requested a general fund revenue increase of 163.6 thousand, or 19.2 percent, from the FY23 operating budget. The request increases general fund revenue in the personnel and other category, and replaces the program fund balance. The request also increases federal revenues by \$210 thousand. The LFC recommendation funds the personnel cost increases and operational increases but does not replace fund balance revenue with general fund revenue.

In FY21, the most recent year for which national comparison data are available, NMAG recovered \$8.5 million through Medicaid fraud cases and the state ranked 20th in total Medicaid fraud recovered.

**Base Expansion**

NMAG requested two expansions. First, the agency requested an expansion of its Special Investigations Division to better investigate internet crimes against children (ICAC). The number of staff has remained the same since the task force was initiated, but over that period the number of tips needing investigation has increased over 200 percent nationally. The expansion request would increase the number of FTE from five to 10 to meet this increased need. Second, the agency requested an expansion to increase the Consumer and Environment Protection Division (CEPD) by 221 FTE to eliminate the need for the NMAG to utilize contract counsel in complex litigation cases. Currently, CEPD has 13 in-house attorneys and 12 other staff. If the request was fully funded, CEPD would have more attorney FTE positions than the Public Defender Department.

The recommendation partially funds the request to expand the ICAC task force by 3 FTE. Required personnel and operational costs for this expansion is \$389 thousand. The recommendation does not recommend the expansion to CEPD.

**BASE EXPANSION LISTING  
FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Special Investigations	P625	589.8	389.0
2	Consumer and Environmental Protection Division	P625	35,275.7	0.0
<b>TOTAL</b>			<b>35,865.5</b>	<b>389.0</b>

### **LEGAL SERVICES**

The purpose of the legal services program is to deliver quality legal services, including opinions, counsel and representation to state government entities and to enforce state law on behalf of the public so New Mexicans have an open, honest, efficient government and enjoy the protection of state law.

**BUDGET SUMMARY  
(dollars in thousands)**

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	13,362.5	14,298.4	51,559.2	15,045.4	5.2
Other Transfers	11,888.7	11,667.3	13,368.7	13,368.7	14.6
Federal Revenues	639.5	1,397.1	1,209.4	1,209.4	(13.4)
Other Revenues	8,403.7	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>34,294.4</b>	<b>27,362.8</b>	<b>66,137.3</b>	<b>29,623.5</b>	<b>8.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	16,124.7	21,358.1	47,384.1	23,002.3	7.7
Contractual Services	788.5	1,083.9	1,190.8	1,139.5	5.1
Other	3,111.8	4,920.8	17,562.4	5,481.7	11.4
Other Financing Uses	14,263.1	0.0	0.0	0.0	0.0
<b>TOTAL USES</b>	<b>34,288.1</b>	<b>27,362.8</b>	<b>66,137.3</b>	<b>29,623.5</b>	<b>8.3</b>
<b>FTE</b>					
Permanent	195.0	191.0	423.0	194.0	1.6
Term	10.0	13.0	8.0	8.0	(38.5)
Temporary	1.0	2.0	1.0	1.0	(50.0)
<b>TOTAL FTE</b>	<b>206.0</b>	<b>206.0</b>	<b>432.0</b>	<b>203.0</b>	<b>(1.5)</b>

### **Recommended Language**

The internal service/interagency transfers appropriation to the legal services program of the attorney general includes fourteen million sixteen thousand six hundred dollars (\$14,016,600) from the consumer settlement fund of the office of the attorney general.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Number of registrants at presentations conducted throughout the state and online	77,255.0	79,892.0	50,000.0	50,000.0	50,000.0
Output	Number of administrative prosecutions on professional licenses	165.0	202.0	100.0	100.0	100.0
Output	Number of investigations and prosecutions involving child victims	745.0	1,702.0	450.0	450.0	450.0
Output	Number of public corruption and first or second degree felony matters accepted for investigation and/or prosecution that do not involve child victims	74.0	90.0	40.0	40.0	60.0
Outcome	Percent of investigations for noncompliance with the Open Meetings Act and Inspection of Public Records Act initiated within 30 days of referral	1%	100%	100%	100%	100%
Explanatory	Number of noncompliance investigations for the Open Meetings Act and Inspection of Public Records Act	227.0	283.0	N/A	N/A	N/A
Outcome	Percent of consumer and constituent complaints resolved within sixty days of formal complaint or referral receipt	94%	100%	90%	90%	90%
Explanatory	Average time from filing to final disposition in criminal cases, in months	17.0	37.0	N/A	N/A	N/A
Explanatory	Number of cases reviewed for prosecution	112.0	328.0	N/A	N/A	N/A

**MEDICAID FRAUD**

The purpose of the medicaid fraud program is to investigate and prosecute medicaid provider fraud, recipient abuse and neglect in the medicaid program.

BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	800.1	850.1	1,013.7	926.1	8.9
Other Transfers	36.9	0.0	0.0	0.0	0.0
Federal Revenues	2,510.9	2,831.3	3,041.3	3,041.3	7.4
Fund Balance	0.0	143.6	0.0	0.0	(100.0)
<b>TOTAL SOURCES</b>	<b>3,347.9</b>	<b>3,825.0</b>	<b>4,055.0</b>	<b>3,967.4</b>	<b>3.7</b>
<b>USES</b>					
Personal Services and Employee Benefits	2,635.7	2,897.5	3,128.3	3,040.7	4.9
Contractual Services	322.1	334.0	295.0	295.0	(11.7)
Other	409.7	593.5	631.7	631.7	6.4
<b>TOTAL USES</b>	<b>3,367.5</b>	<b>3,825.0</b>	<b>4,055.0</b>	<b>3,967.4</b>	<b>3.7</b>
<b>FTE</b>					
Permanent	26.0	26.0	26.0	26.0	0.0
Temporary	0.0	1.0	1.0	1.0	0.0
<b>TOTAL FTE</b>	<b>26.0</b>	<b>27.0</b>	<b>27.0</b>	<b>27.0</b>	<b>0.0</b>

PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Total medicaid fraud recoveries identified, in thousands	\$5,697	\$6,000	N/A	N/A	N/A
Output	Number of program improvement recommendations forwarded to New Mexico agencies and the United States department of health and human services	10.0	5.0	5.0	5.0	5.0
Efficiency	Percent of case investigations under the medicaid fraud control unit's jurisdiction completed within 180 days of receipt	66%	81%	65%	65%	75%
Efficiency	Percent of referrals from the department of human services where medicaid fraud control unit responds within 15 days	82%	84%	85%	85%	85%

**Statutory Authority**

Article V, Section 1, of the New Mexico Constitution creates the Office of the State Auditor. The State Auditor is elected statewide to a four-year term for a maximum of two consecutive terms and is a member of the Commission of Public Records and the New Mexico Border Authority. The Audit Act, Sections 12-6-1 through 12-6-14 NMSA 1978, requires the State Auditor to annually examine and audit the financial affairs of every agency that receives or expends public money and produce a complete written report of each audit.

**Mission**

The State Auditor audits the financial affairs of New Mexico agencies annually to improve accountability and performance and to assure New Mexicans that funds are expended properly. In addition, the State Auditor may initiate special audits to investigate reported or suspected fraud, waste, and abuse related to the financial affairs of an agency.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	3,220.8	3,704.7	4,015.7	3,897.7	5.2
Other Transfers	56.6	0.0	300.0	0.0	0.0
Other Revenues	349.4	300.0	300.0	300.0	0.0
Fund Balance	1,392.3	491.7	491.7	491.7	0.0
<b>TOTAL SOURCES</b>	<b>5,019.1</b>	<b>4,496.4</b>	<b>5,107.4</b>	<b>4,689.4</b>	<b>4.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	2,935.0	3,892.4	4,183.4	4,065.4	4.4
Contractual Services	48.1	86.0	86.0	86.0	0.0
Other	424.7	518.0	538.0	538.0	3.9
Other Financing Uses	791.7	0.0	300.0	0.0	0.0
<b>TOTAL USES</b>	<b>4,199.5</b>	<b>4,496.4</b>	<b>5,107.4</b>	<b>4,689.4</b>	<b>4.3</b>
<b>FTE</b>					
Permanent	42.0	41.0	41.0	41.0	0.0
Temporary	1.0	0.0	1.0	1.0	0.0
<b>TOTAL FTE</b>	<b>43.0</b>	<b>41.0</b>	<b>42.0</b>	<b>42.0</b>	<b>2.4</b>

**At A Glance**

The Office of the State Auditor (OSA) requested a general fund increase of \$311 thousand for FY24, or 8.4 percent above the agency's FY23 operating budget. The general fund request included an increase of \$291 thousand, or 7.5 percent, to reduce the vacancy rate. The agency's total FY24 budget request was \$5.1 million, a \$611 thousand or 13.6 percent increase from the previous year. The request also includes \$43.7 thousand to fund the agency's internship program, which creates opportunities for undergraduate and graduate students. The committee recommendation supports a general fund increase of \$193 thousand, or 5.2 percent, and an overall budget increase of 4.3 percent. The recommendation includes a \$173 thousand increase in personnel and keeps contract funding flat.

**Budget Issues**

The office had 12 vacancies as of October 2024, a funded vacancy rate of approximately 28 percent. The requested increase primarily consisted of funding for staff recruitment and retention. In FY22, OSA generated \$279 thousand in audit fee revenue and projects \$300 thousand in audit revenue for FY24. OSA held virtual trainings on the Audit Act, reaching approximately 1,700 participants. The agency also provided virtual Audit Rule trainings for 642 attendees.

OSA received 3 additional FTE in FY22 to effectively handle conservatorship audits in accordance with the mandates of House Bill 234, passed during the 2021 regular legislative session. The agency reviewed 1,309 conservatorship reports in FY22, and anticipates as many as 1,600 in FY23.

OSA was able to distribute over \$30 thousand in FY22 in grants to small political subdivisions, issuing 26 grant awards since 2018 to serve a total of 25 small governmental entities. The committee recommends \$95 thousand for FY24 small political subdivision grants because the agency has a high

demand for audit assistance services statewide to governmental entities to help ensure compliance for capital outlay awards. As of October 2022, OSA's "at risk" list cited 33 public entities at risk due to late audit reports, including 13 soil and water districts and six municipalities. The villages of Des Moines and Willard have been on the list since FY19, while the cities of Santa Fe, Texico, and Tucumcari have been listed since FY20. Ramah Water and Sanitation District has the longest standing, since FY12. No entities have been listed as outstanding after FY20.

### STATE AUDITOR

The purpose of the state auditor program is to audit the financial affairs of every agency annually so they can improve accountability and performance and to assure New Mexico citizens that funds are expended properly.

#### PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Total audit fees generated	\$279,313	\$279,240	\$300,000	\$300,000	\$300,000
Explanatory	Percent of audits submitted by regulatory due date	80%	83%	N/A	N/A	N/A
Output	Number of training sessions performed	9.0	14.0	22.0	12.0	15.0
Output	Number of working paper reviews of independent public accountants	18.0	20.0	15.0	10.0	20.0
Explanatory	Number of conservatorship reports reviewed	2.0	1,309.0	N/A	N/A	N/A
Outcome	Percent of audit reports reviewed and approved within thirty business days of receipt	40%	54%	50%	50%	55%
Output	Number of attendees participating in training sessions	1,750.0	1,752.0	1,750.0	1,750.0	1,752.0
Output	Number of outreach events in rural (B-Type) counties	4.0	0.0	4.0	4.0	4.0
Explanatory	Number of small local public entities that received grants through the small political subdivision grant program to assist with audit expenditures	13.0	25.0	N/A	N/A	N/A
Explanatory	Number of grants awarded to small local public entities through the small political subdivision grant program to assist with audit expenditures	14.0	26.0	N/A	N/A	N/A
Explanatory	Number of allegations of fraud, waste and abuse examined by the special investigations division	359.0	298.0	N/A	N/A	N/A



**Statutory Authority**

Sections 9-11-1 through 9-11-15 NMSA 1978 create the Taxation and Revenue Department (TRD) as a single, unified department for administration of laws and oversight functions related to taxation, revenue, and vehicles. TRD administers various tax programs that provide major sources of revenue to the general fund, state road fund, and many other state funds. The department also collects state-county shared taxes, such as gross receipts, and distributes revenue to county and municipal governments. TRD provides valuations for major industrial properties subject to property taxes, collects royalties from mineral production on state lands for credit to the state's permanent fund, and administers various income tax and rebate programs. In addition, TRD is responsible for collecting revenue from motor vehicle registrations, drivers' licenses, and other motor-vehicle related permits.

**Mission**

The mission of the Taxation and Revenue Department is to administer and enforce, with fairness warranting the public's confidence, New Mexico's taxation and revenue laws and motor vehicle code through a system that efficiently and securely delivers quality customer services.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	64,665.5	72,664.7	75,704.7	75,704.7	4.2
Other Transfers	995.8	0.0	0.0	0.0	0.0
Federal Revenues	195.1	2,334.4	2,199.9	2,199.9	(5.8)
Other Revenues	34,291.1	38,859.3	42,148.1	42,148.1	8.5
<b>TOTAL SOURCES</b>	<b>100,147.5</b>	<b>113,858.4</b>	<b>120,052.7</b>	<b>120,052.7</b>	<b>5.4</b>
<b>USES</b>					
Personal Services and Employee Benefits	57,161.2	69,065.0	73,062.2	73,062.2	5.8
Contractual Services	10,408.4	13,951.0	14,420.4	14,420.4	3.4
Other	21,320.7	22,747.9	24,570.1	24,570.1	8.0
Other Financing Uses	12,094.5	8,094.5	8,000.0	8,000.0	(1.2)
<b>TOTAL USES</b>	<b>100,984.8</b>	<b>113,858.4</b>	<b>120,052.7</b>	<b>120,052.7</b>	<b>5.4</b>
<b>FTE</b>					
Permanent	1,038.0	1,006.7	1,006.7	1,006.7	0.0
Term	23.0	29.0	29.0	29.0	0.0
Temporary	2.0	5.8	5.8	5.8	0.0
<b>TOTAL FTE</b>	<b>1,063.0</b>	<b>1,041.5</b>	<b>1,041.5</b>	<b>1,041.5</b>	<b>0.0</b>

**At A Glance**

For FY24, TRD requested approximately \$3 million in general fund revenue, a 4.2 percent increase above the FY23 operating budget. Requested increases were primarily for vacancy reductions in Tax Administration and Program Support, as well as Department of Information Technology telecommunications and IT agreements. The general fund request included \$150 thousand for a tax preparation program for elderly taxpayers and \$135.7 thousand to implement a salary study. The general fund request for Tax Fraud Investigations, \$171.8 thousand, included the implementation of a pay study for special agents that impacts 4 FTE. For the Motor Vehicle Program, the agency requested \$62.9 thousand from other state funds to reduce vacancies and fund supplies.

TRD's request included an increase of \$3 million in other revenues for FY24, a total budget increase of \$6.3 million over the FY23 operating budget, \$120 million. In prior years, TRD relied on approximately \$5.7 million in revenues from administrative fees. However, following the removal of language in the General Appropriation Act of 2019, this fee revenue was no longer available, requiring TRD to rely more on other sources of revenue, mainly the general fund. The committee recommendation supports funding the agency's request.

**Budget Issues**

For FY24, the agency primarily requested funding in the personnel category to fill vacancies, which the committee recommendation supports. TRD has lowered vacancy rates across programs since FY22. The Tax Fraud Investigations Program had a vacancy rate of 16 percent as of October 2022, while the Property Tax Program was fully staffed and the Tax Administration Program had a 20.1 percent vacancy rate. Currently, the overall agency

vacancy rate is approximately 15 percent. The agency has significant vacancy savings—close to \$3.8 million across programs—suggesting challenges in recruitment and retention. The committee recommendation provides sufficient funding to hire the requested 53.5 FTE. Recommended personnel budget increases could also be used for targeted pay increases to help hire and retain staff.

In prior years, TRD relied on approximately \$5.7 million in revenues from administrative fees. However, following the removal of language in the General Appropriation Act of 2019, this fee revenue was no longer available, forcing TRD to rely more on other sources of revenue, including the general fund. The FY24 budget recommendation continues to increase the agency's general fund appropriation to provide more budget stability.

Effective January 1, 2020, TRD became the new administrator of the Insurance Premium Tax Program, in accordance with House Bill 223 of the 2018 legislative session. The agency is reporting distributions but has been unable to document appropriate amounts by percentage to certain funds, including the Health Care Affordability fund, which receives a share of insurance premium surtaxes.

**Audit and Compliance.** TRD requested \$171.8 thousand, a 9.2 percent increase over FY23 in the Audit and Compliance Program, primarily for reducing vacancies and to implement a salary study for special agents through the State Personnel Office, which impacts 4 FTE. The request also funds per diem for agent travel to conduct tax fraud investigations. The committee recommendation fully funds the request. At the beginning of the fiscal year, the Tax Administration Program had a collectible balance of \$963 million, of which the program only collected \$149.5 million, or 15.5 percent of the total. The net FY22 reduction was \$411.9 million, bringing the balance to \$813.5 million outstanding. Collections still fell below the 60 percent target.

As of October 31, 2022, TRD issued \$945.4 in tax rebates. FY22 and FY23 rebates were a combination of 2022 special session (House Bill 2), 2022 regular session (House Bill 163), and non filer relief payments. TRD successfully issued three rounds of tax rebates during summer 2022 and also assisted the Human Services Department in allocating \$20 million appropriated to non filers. Rebate processing put a strain on the agency in terms of employee resources and supply costs. Despite issuing tax rebates in accordance with statutory timelines, taxpayer inquiries peaked in August 2022 at a level that required the agency to temporarily assign about 100 additional staff to fielding taxpayer contacts. While call center improvements have been implemented at Audit and Compliance, the record call volumes have required the program to assign calls to personnel in other areas because the program has the highest unfunded vacancy rate in the agency at 20 percent.

**Motor Vehicle.** For the MVD Program, TRD requested a reduction of \$266 thousand in federal revenues, a 26.7 decrease over FY23, while requesting to increase other revenues by \$2.7 million. The request included funds to reduce the vacancy rate and fund positions with new salary schedules. In FY22, field offices continued operating on an appointment-only basis, and the average call center wait time to reach an agent was nearly nine minutes. Because field offices are open by appointment only, customers frequently reach out to the call center. The MVD vacancy rate has decreased from 19.3 percent in July 2021 to 14.2 percent in June 2022. A majority of offices, 30 of the 32, have same-day appointment availability, and the new mobile ticketing system allows customers to check in remotely without pulling a physical ticket on arrival.

**Property Tax.** In the Property Tax Program, TRD requested a budget of \$168.6 thousand in other revenues, a 2.7 percent increase over FY23, to update mapping software and furniture at the Chino building, which has not been replaced in 20 years. The committee recommendation supports the request. The Property Tax Division (PTD) reached its target of returning recovered property taxes to New Mexicans, reducing the total amount of delinquent property taxes statewide to \$56.9 million. As of June of FY22, the program was using the 2017 delinquency list due to difficulties in downloading some of the information necessary to have a reliable 2018 list. TRD reported it is waiting on Santa Fe County to produce a tax and payment report before it can produce final 2018 delinquent list resolutions. The total amount of delinquent property taxes statewide is \$63 million. The agency continues to fall short of its target for delinquent property taxes collected, having only collected a total of \$1.7 million in the third quarter of FY22.

### **TAX ADMINISTRATION ACT**

The purpose of the tax administration program is to provide registration and licensure requirements for tax programs and to ensure the administration, collection and compliance of state taxes and fees that provide funding for support services for the general public through appropriations.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	29,029.3	32,563.9	34,731.6	34,731.6	6.7
Other Transfers	446.2	0.0	0.0	0.0	0.0
Federal Revenues	152.9	1,524.4	1,606.2	1,606.2	5.4
Other Revenues	797.9	1,182.0	1,207.0	1,207.0	2.1
<b>TOTAL SOURCES</b>	<b>30,426.3</b>	<b>35,270.3</b>	<b>37,544.8</b>	<b>37,544.8</b>	<b>6.4</b>
<b>USES</b>					
Personal Services and Employee Benefits	23,293.3	27,983.9	29,298.0	29,298.0	4.7
Contractual Services	374.2	606.4	973.4	973.4	60.5
Other	6,743.1	6,680.0	7,273.4	7,273.4	8.9
<b>TOTAL USES</b>	<b>30,410.6</b>	<b>35,270.3</b>	<b>37,544.8</b>	<b>37,544.8</b>	<b>6.4</b>
<b>FTE</b>					
Permanent	474.0	444.7	444.7	444.7	0.0
Term	20.0	23.0	23.0	23.0	0.0
Temporary	1.0	5.8	5.8	5.8	0.0
<b>TOTAL FTE</b>	<b>495.0</b>	<b>473.5</b>	<b>473.5</b>	<b>473.5</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Average return on investment (all funds) for every dollar invested in the audit and compliance division	12.1	8.1	11.1	11.1	11.1
Explanatory	Percent of electronically filed returns for personal income tax and business tax	90%	90%	N/A	N/A	N/A
* Outcome	Collections as a percent of collectible outstanding balances from the end of the prior fiscal year	18%	16%	20%	20%	20%
Explanatory	Percent of personal income tax returns filed on time for last fully completed tax year	100%	81%	N/A	N/A	N/A
Explanatory	Percent of questionable refund tax returns stopped compared with the total number of personal income tax returns processed	0%	0%	N/A	N/A	N/A
Output	Number of personal income tax returns flagged as questionable	18,473.0	28,383.0	50,000.0	50,000.0	50,000.0
Output	Personal income tax returns processed	1,000,000.0	1,107,474.0	1,000,000.0	1,000,000.0	1,000,000.0
* Outcome	Collections as a percent of collectible audit assessments generated in the previous fiscal year	30%	16%	60%	60%	60%

**MOTOR VEHICLE DIVISION**

The purpose of the motor vehicle program is to register, title and license vehicles, boats and motor vehicle dealers and to enforce operator compliance with the Motor Vehicle Code and federal regulations by conducting tests, investigations and audits.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	14,194.1	15,880.6	15,880.6	15,880.6	0.0
Other Transfers	216.8	0.0	0.0	0.0	0.0
Federal Revenues	42.2	810.0	593.7	593.7	(26.7)
Other Revenues	27,621.5	31,174.6	33,957.8	33,957.8	8.9
<b>TOTAL SOURCES</b>	<b>42,074.6</b>	<b>47,865.2</b>	<b>50,432.1</b>	<b>50,432.1</b>	<b>5.4</b>
<b>USES</b>					
Personal Services and Employee Benefits	16,213.0	20,198.7	22,152.8	22,152.8	9.7
Contractual Services	6,265.8	7,688.0	7,625.1	7,625.1	(0.8)
Other	10,284.3	11,884.0	12,654.2	12,654.2	6.5
Other Financing Uses	12,094.5	8,094.5	8,000.0	8,000.0	(1.2)
<b>TOTAL USES</b>	<b>44,857.6</b>	<b>47,865.2</b>	<b>50,432.1</b>	<b>50,432.1</b>	<b>5.4</b>
<b>FTE</b>					
Permanent	328.0	326.0	326.0	326.0	0.0
Term	3.0	6.0	6.0	6.0	0.0
<b>TOTAL FTE</b>	<b>331.0</b>	<b>332.0</b>	<b>332.0</b>	<b>332.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Percent of registered vehicles with liability insurance	91%	91%	92%	92%	92%
* Efficiency	Average call center wait time to reach an agent, in minutes	15.0	8.0	10.0	10.0	10.0
* Efficiency	Average wait time in qmatic-equipped offices, in minutes	8.0	6.0	15.0	15.0	15.0
Efficiency	Average number of days to post "court action" driving-while-intoxicated citations to drivers' records on receipt	2.0	1.0	2.0	1.0	1.0
Quality	Percent of customers rating customer service as good or higher	99%	99%	98%	98%	98%
Explanatory	Web transactions as a percent of total transactions	N/A	N/A	N/A	N/A	N/A

**PROPERTY TAX DIVISION**

The purpose of the property tax program is to administer the Property Tax Code, to ensure the fair appraisal of property and to assess property taxes within the state.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	5,479.6	6,141.2	6,309.8	6,309.8	2.7
<b>TOTAL SOURCES</b>	<b>5,479.6</b>	<b>6,141.2</b>	<b>6,309.8</b>	<b>6,309.8</b>	<b>2.7</b>
<b>USES</b>					
Personal Services and Employee Benefits	2,938.2	3,698.4	3,698.4	3,698.4	0.0
Contractual Services	668.0	1,204.1	1,219.4	1,219.4	1.3
Other	1,181.9	1,238.7	1,392.0	1,392.0	12.4
<b>TOTAL USES</b>	<b>4,788.1</b>	<b>6,141.2</b>	<b>6,309.8</b>	<b>6,309.8</b>	<b>2.7</b>
<b>FTE</b>					
Permanent	42.8	40.0	39.0	39.0	(2.5)
<b>TOTAL FTE</b>	<b>42.8</b>	<b>40.0</b>	<b>39.0</b>	<b>39.0</b>	<b>(2.5)</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Amount of delinquent property tax collected and distributed to counties, in millions	\$10.00	\$12.00	\$10.00	\$10.00	\$10.00
Output	Dollar value of all delinquent property tax sales held	\$400,000.00	\$366,570.00	\$400,000.00	\$400,000.00	\$400,000.00
* Outcome	Percent of total delinquent property taxes recovered	18%	23%	15%	15%	15%

**COMPLIANCE ENFORCEMENT**

The purpose of the compliance enforcement program is to support the overall mission of the taxation and revenue department by enforcing criminal statutes relative to the New Mexico Tax Administration Act and other related financial crimes, as they impact New Mexico state taxes, to encourage and achieve voluntary compliance with state tax laws.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,617.3	1,870.3	2,042.1	2,042.1	9.2
Other Transfers	25.2	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>1,642.5</b>	<b>1,870.3</b>	<b>2,042.1</b>	<b>2,042.1</b>	<b>9.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,179.7	1,581.9	1,737.1	1,737.1	9.8
Contractual Services	5.3	9.4	9.4	9.4	0.0
Other	300.0	279.0	295.6	295.6	5.9
<b>TOTAL USES</b>	<b>1,485.0</b>	<b>1,870.3</b>	<b>2,042.1</b>	<b>2,042.1</b>	<b>9.2</b>
<b>FTE</b>					
Permanent	21.0	21.0	21.0	21.0	0.0
<b>TOTAL FTE</b>	<b>21.0</b>	<b>21.0</b>	<b>21.0</b>	<b>21.0</b>	<b>0.0</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of tax investigations referred to prosecutors of total investigations assigned during the year	67%	50%	85%	85%	85%
Explanatory	Successful tax fraud prosecutions as a percent of total cases prosecuted	100%	100%	N/A	N/A	N/A
Outcome	Percent of internal investigations completed within 60 days	100%	100%	100%	100%	100%

**PROGRAM SUPPORT**

The purpose of program support is to provide information system resources, human resource services, finance and accounting services, revenue forecasting and legal services to give agency personnel the resources needed to meet departmental objectives. For the general public, the program conducts hearings for resolving taxpayer protests and provides stakeholders with reliable information regarding the state's tax programs.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	19,824.8	22,349.9	23,050.4	23,050.4	3.1
Other Transfers	307.6	0.0	0.0	0.0	0.0
Other Revenues	392.0	361.5	673.5	673.5	86.3
<b>TOTAL SOURCES</b>	<b>20,524.4</b>	<b>22,711.4</b>	<b>23,723.9</b>	<b>23,723.9</b>	<b>4.5</b>
<b>USES</b>					
Personal Services and Employee Benefits	13,537.0	15,602.1	16,175.9	16,175.9	3.7
Contractual Services	3,095.2	4,443.1	4,593.1	4,593.1	3.4
Other	2,811.3	2,666.2	2,954.9	2,954.9	10.8
<b>TOTAL USES</b>	<b>19,443.5</b>	<b>22,711.4</b>	<b>23,723.9</b>	<b>23,723.9</b>	<b>4.5</b>
<b>FTE</b>					
Permanent	172.2	175.0	176.0	176.0	0.6
Temporary	1.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>173.2</b>	<b>175.0</b>	<b>176.0</b>	<b>176.0</b>	<b>0.6</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Number of tax protest cases resolved	1,590.0	1,690.0	1,525.0	1,525.0	1,525.0
Outcome	Percent of matched combine reporting system taxes distributed timely	100%	100%	100%	100%	100%
Output	Percent of internal audit recommendations implemented	100%	97%	90%	90%	90%
Explanatory	Number of days after the close of a reporting period that financial reports are available	N/A	N/A	N/A	N/A	N/A
Output	Tax protest cases referred to the administrative hearings office	15%	10%	70%	70%	70%
Explanatory	Financial report error rate	N/A	N/A	N/A	N/A	N/A

**Statutory Authority**

The State Investment Council (SIC) is created by Section 6-8-2 NMSA and is responsible for managing the land grant (LGPF), severance tax (STPF), tobacco settlement (TSPF), and water (WPF) permanent funds, as well as the investments of other state and political subdivision clients. The council consists of 11 members: the governor, state treasurer, commissioner of public lands, secretary of the Department of Finance and Administration, chief financial officer of state institution of higher education, and six public members. Four public members are appointed by the Legislative Council and two are appointed by the governor. The six public members serve staggered terms of five years. SIC formulates policy implemented by the state investment officer and staff in the day-to-day functions of the investment office.

**Mission**

New Mexico's two main endowment funds, the land grant (LGPF) and severance tax (STPF) permanent funds, are to provide permanent and continuing benefits for the present and future citizens of New Mexico from the revenue from lands held in trust and the extraction of certain natural resources. SIC's mission is to optimize the funds to ensure future generations receive the same benefits over time and to provide a current revenue source for the state's general fund.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	47,230.6	64,792.5	66,292.1	65,689.7	1.4
<b>TOTAL SOURCES</b>	<b>47,230.6</b>	<b>64,792.5</b>	<b>66,292.1</b>	<b>65,689.7</b>	<b>1.4</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,719.9	4,535.6	5,496.2	4,893.8	7.9
Contractual Services	42,984.2	59,551.2	60,015.0	60,015.0	0.8
Other	526.4	705.7	780.9	780.9	10.7
<b>TOTAL USES</b>	<b>47,230.5</b>	<b>64,792.5</b>	<b>66,292.1</b>	<b>65,689.7</b>	<b>1.4</b>
<b>FTE</b>					
Permanent	30.0	26.0	31.0	31.0	19.2
<b>TOTAL FTE</b>	<b>30.0</b>	<b>26.0</b>	<b>31.0</b>	<b>31.0</b>	<b>19.2</b>

**At A Glance**

For FY24, SIC, which does not receive general fund support, requested a budget of \$66.3 million, a 2.3 percent increase from the FY23 operating budget. The requested increase is primarily in the personnel category for new positions and the contractual services category due to asset growth, which affects investment fees. The committee recommends funding the requested increases in the contractual services and other categories while partially funding the requested increase for personnel. Of the five additional positions requested, the committee recommends funding the three positions identified as the most pressing and likely to be filled. As such, the committee recommendation is \$65.7 million, an \$897.2 thousand increase, or 1.4 percent, from the FY23 operating budget and \$18.5 million, or 39 percent, greater than FY22 actuals because asset growth has soared.

**Budget Issues**

For FY24, SIC requested a \$1.5 million increase, with increases of \$960.6 thousand in the personal services and employee benefits category, \$960.6 thousand in the contractual services category, and \$75.2 thousand increase in the other costs category. Increased contractual costs are expected because investor fees are based on SIC-managed fund balances, which are expected to continue to grow because distributions to the permanent funds remain high in a high oil and gas price and production environment. SIC requested 5 additional FTE in expansion. Because the requested positions are related to existing functions, the LFC recommendation partially funds the request in the base budget.

Heading into the pandemic in FY21, equity markets faced a crisis, with valuations plunging by double-digit percentages and liquidity drying up in the fixed income markets on par with the Great Recession of 2008-2009. Despite the pandemic-induced recession, markets roared back due to enormous amounts of liquidity and unprecedented deficit spending by the federal government. Yet, the federal stimulus, along with supply chain disruptions, led to persistent and historic inflation in FY22, triggering a Federal Reserve response of tightening monetary policy. As such, equities again face crisis, with indices falling 12 percent in FY22 and continuing to decline in the first quarter of FY23. Nevertheless, the market value of all funds invested by SIC increased slightly because losses were offset by increased revenue from oil and gas royalties. Ending FY22 permanent fund balances totaled



\$30.15 billion by June 2022, up from \$30.05 billion at the end of June 2021. SIC reports market returns for its investments in the beginning of FY23 ranged from about 2 percent losses in August to 2.7 percent gains in July, the most recent months with available data.

SIC's long-term targeted rate of return is 7 percent for the LGPF and 6.75 percent for the STPF. In FY22, the LGPF and STPF portfolios returned losses of 2.22 percent and 4.39 percent, respectively. SIC's annual investment plan for FY23 expects the next seven to 10 years will show a low-return environment, and—after accounting for returns, royalty inflows, and distributions—SIC expects the LGPF to grow at an annualized 2.6 percent and the STPF to grow at an annualized 1.4 percent.

Like many investment agencies, SIC seeks to maximize investment returns by hiring active fund managers. External investment management requires additional contracts and increased fees. Some asset classes, such as public equities and fixed income assets, offer little opportunity for investment gains through asset management, and indexing (passive management) is less costly. However, manager skill can improve investment returns in certain asset classes, such as private equity and real assets like commodities and real estate. About 69 percent of the LGPF and STPF portfolios are actively managed, costing \$42.5 million in FY22.

The permanent funds' lower-risk asset allocations, such as fixed income and real estate investments, provide an advantage in a negative-outlook environment and disadvantage in a rising market. Because FY22 was a year of substantial market losses, the permanent funds performed better than the majority of peer investment funds. The permanent funds performed in the highest quartile for the year and most quarters of FY22. However, only the LGPF performed above the median for the three-year, five-year and 10-year periods while the STPF was consistently in or near the lowest quartile. The LGPF exceeded the long-term target of 7 percent for the three-year, five-year, and 10-year periods in FY22, with the STPF only exceeding the 6.75 percent target for the 10-year period.

Legislation passed in the 2020 regular session created the early childhood education and care fund (known as the early childhood trust fund), an interest-earning account to be managed by SIC. The Legislature endowed the fund with \$300 million, transferred at the beginning of FY21. The fund is designed to capture windfall oil and gas revenue from production activity on federal lands and from the oil and gas emergency school tax if the general fund reserves are greater than 25 percent of the current fiscal year recurring appropriations. Five percent of a three-year average of the balance of the fund is then distributed to programmatic uses at the Early Childhood Education and Care Department. As oil markets rebounded in FY22, production increases and high prices are generating significant revenues for the trust fund. Preliminary data from FY22 indicate excess oil and gas revenues in FY22 will result in distributions of \$2.8 billion into the trust fund. SIC currently manages the trust fund with a targeted asset allocation of 80 percent in highly liquid fixed income investments and 20 percent in real estate investments, similar to the asset allocation for the tax stabilization reserve. Given the significant increases in balances, SIC is reconsidering the strategy for the fund and plans to reallocate similar to the permanent funds to expect a similar return.

**Pandemic Relief.** Following the onset of the Covid-19 pandemic, the Legislature authorized \$100 million from the STPF for an emergency short-term loan fund in the 2020 first special session for medium to large New Mexico businesses with 40 or more employees. These loans are meant to help bridge the gap for companies that were profitable prior to the crisis and that have good prospects thereafter but may not have qualified for other loans from the federal government, state, or private banks. The program uses existing statutory authority that allows for investment in New Mexican start-up businesses from the severance tax permanent fund (Section 7-27-5.15 NMSA 1978). As of September 2022, the program had approved about a thousand loans totaling \$42 million. Loan sizes ranged from \$500 thousand to \$10 million, with interest rates of 3 percent to 10 percent.

In an additional effort to address the negative effects of the Covid-19 pandemic on small businesses, the Legislature authorized in the 2021 second special session up to another \$400 million in "small business recovery loans" from the severance tax permanent fund. The Small Businesses Recovery Act allows businesses with an annual gross income of less than \$5 million that closed or reduced operations due to the March 2020 public health order to borrow two months of operational funds at an interest rate of 1.625 percent. These loans, which are unsecured and do not require any collateral or personal guarantee, required interest-only payments for the first three years with an option to extend principal and interest payments for another three years. As of September 2022, the program had provided \$160.2 million in loans to 2,347 businesses. Of 450 businesses required to make interest-only payments, 80 loans are past due and, as of June 30th, past due loans represented \$2.4 million. No bankruptcies have been reported to date by this program.

**New Mexico Economically Targeted Investments.** The Severance Tax Bonding Act authorizes various economically targeted investment (ETI) strategies for the STPF that permit a below-market rate of return for investments intended to stimulate the economy of New Mexico. Most ETI allocations in statute come at the fiduciary discretion of SIC, although the 2 percent allocation to the Small Business Investment Corporation (SBIC) is required. While many legislative authorizations are currently inactive, if all ETI allocations in statute were fully implemented by SIC, it would result in more than three-quarters of the STPF being placed in below-market investment strategies. Statutory ETI allocations of the STPF include 2 percent in small business lending and equity programs from SBIC, up to 11 percent in New Mexico private equity, up to 6 percent in New Mexico film loans, up to 20 percent in bank certificates of deposit with New Mexico financial institutions, up to 20 percent in New Mexico Farmers Home Administration loans, up to 10 percent in educational institution revenue bonds, and about \$130 million in dollar-specific authorized investments. In the 2020 special sessions, the Legislature directed another roughly 9.5 percent allocation to pandemic relief efforts. Currently, in addition to the mentioned pandemic relief



programs, SIC is fulfilling its mandatory commitment of 2 percent of the STPF for investments from SBIC and has set a 9 percent target allocation for New Mexico private equity.

**BASE EXPANSION LISTING  
FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Additional FTE	P629	602.4	0.0
<b>TOTAL</b>			<b>602.4</b>	<b>0.0</b>

**STATE INVESTMENT COUNCIL**

The purpose of the state investment program is to provide investment management of the state's permanent funds for the citizens of New Mexico to maximize distributions to the state's operating budget while preserving the real value of the funds for future generations of New Mexicans.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Five-year annualized investment returns to exceed internal benchmarks, in basis points	\$17.0	(23.0)	12.5	12.5	12.5
* Outcome	Five-year annualized percentile performance ranking in endowment investment peer universe	63%	26%	49%	49%	49%
Outcome	Three-year annualized investment returns to exceed internal benchmarks, in basis points	(23.0)	(33.0)	25.0	25.0	25.0
Outcome	Three-year annualized percentile performance ranking in endowment investment peer universe	73%	22%	49%	49%	49%

**Statutory Authority**

Sections 7-1B-1 through 7-1B-9 NMSA 1978 create the Administrative Hearings Office (AHO) as an administratively attached office of the Department of Finance and Administration. AHO schedules, conducts, and rules on administrative protest hearings stemming from the Tax Administration Act, Property Tax Code, Implied Consent Act, Motor Vehicle Code, Insurance Premium Tax Act, and Medicaid Provider and Managed Care Act.

**Mission**

The mission of the Administrative Hearings Office is to adjudicate administrative hearings held pursuant to the Tax Administration Act, the Property Tax Code, the Implied Consent Act, and the Motor Vehicle Code consistent with applicable legal authority in a fair, efficient, and impartial manner.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,726.6	1,963.3	2,310.6	2,041.8	4.0
Other Transfers	120.8	67.7	55.0	67.7	0.0
Other Revenues	165.0	165.0	165.0	165.0	0.0
<b>TOTAL SOURCES</b>	<b>2,012.4</b>	<b>2,196.0</b>	<b>2,530.6</b>	<b>2,274.5</b>	<b>3.6</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,682.7	1,849.5	2,171.6	1,927.6	4.2
Contractual Services	24.5	73.0	73.4	73.4	0.5
Other	263.9	273.5	285.6	273.5	0.0
<b>TOTAL USES</b>	<b>1,971.1</b>	<b>2,196.0</b>	<b>2,530.6</b>	<b>2,274.5</b>	<b>3.6</b>
<b>FTE</b>					
Permanent	17.0	17.0	17.0	17.0	0.0
<b>TOTAL FTE</b>	<b>17.0</b>	<b>17.0</b>	<b>17.0</b>	<b>17.0</b>	<b>0.0</b>

**At A Glance**

The Administrative Hearings Office (AHO) requested a total increase of \$334.6 thousand, or 15.2 percent, from the FY23 operating budget. The request included a general fund increase of \$347.3 thousand or 17.7 percent, including \$322.1 thousand for personnel funding, and a \$211 thousand increase from the general fund for an agency expansion. AHO also requested \$165 thousand from other state funds, from the motor vehicle suspense fund. The committee recommendation includes a general fund increase of 4.6 percent, or \$90.5 thousand, over the FY23 operating budget, with \$90.1 thousand for salary adjustments for attorneys and hearing officers. That amount includes a 1 percent targeted salary increase for attorneys. The LFC recommendation continues other transfer revenues at the FY23 operating level.

The agency is working with the State Personnel Office to complete a market study, and agency analysis suggests salaries are below the market average compared with paid positions in other agencies and the private sector. Many hearing officer cases involve complex tax issues, including millions in potential impact to state tax revenue. In FY22, AHO conducted 2,836 hearings, or about 284 cases per FTE hearing officer at the agency, a 20 percent workload increase from the previous fiscal year. The office received 185 new tax protest cases, conducted 202 tax hearings, and issued 36 decisions and orders. In addition, AHO conducted 2,624 hearings under the Implied Consent Act and eight hearings under the Parental Responsibility Act. The office also conducted 19 administrative hearings for the Board of Nursing, State Ethics Commission, and Secretary of State. Each hearing officer conducted an average of 284 hearings.

**BASE EXPANSION LISTING**  
FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Personnel expansion request	P340	211.0	0.0
<b>TOTAL</b>			<b>211.0</b>	<b>0.0</b>

**ADMINISTRATIVE HEARINGS OFFICE**

The purpose of the administrative hearings program is to adjudicate tax-, property- and motor-vehicle-related administrative hearings in a fair, efficient and impartial manner independent of the executive agency that is party to the proceedings.

**PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
* Outcome	Percent of hearings for implied consent act cases not held within ninety days due to administrative hearings office error	0.1%	0.0%	0.5%	0.5%	0.5%
Outcome	Percent rate of tax cases not held (including merits and scheduling conference) within 90 days because of administrative hearings office error	0.0%	0.0%	2.5%	0.0%	0.0%
Outcome	Number of tax protest and/or Implied Consent Act trainings conducted annually	4.0	4.0	4.0	0.0	4.0

### Statutory Authority

The Department of Finance and Administration (DFA) is authorized pursuant to Sections 9-6-1 through 9-6-5.2 NMSA 1978 to provide a single, unified department to administer laws related to the finance of state government. In addition, the department provides planning and technical assistance to local entities, coordinates state agency plans, and administers state and federal grant programs. These duties are detailed in Sections 6-3-1 through 6-3-25 NMSA 1978; Sections 6-3A-1 through 6-3A-9 NMSA 1978; Sections 6-5-1 through 6-5-11 NMSA 1978; 6-1-1 NMSA 1978; 9-6-15 NMSA 1978; 6-4-1 NMSA 1978; and 6-6-2 NMSA 1978. The department consists of four programs: Policy Development; Fiscal and Budgetary Analysis and Oversight; Program Support; Community Development, Local Government Assistance and Fiscal Oversight; and Fiscal Management and Oversight.

### Mission

DFA provides the governor, other agencies, and local entities with fiscal and policy analysis and budgetary services to ensure responsive and fiscally responsible governance for New Mexicans.

### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	21,339.5	28,555.5	45,275.2	29,990.4	5.0
Other Transfers	36,712.5	16,250.0	16,250.0	16,250.0	0.0
Federal Revenues	7,877.5	21,754.9	24,278.2	21,755.2	0.0
Other Revenues	80,749.4	90,213.0	103,039.4	103,039.4	14.2
Fund Balance	6,876.4	2,860.2	24,471.2	2,277.0	(20.4)
<b>TOTAL SOURCES</b>	<b>153,555.3</b>	<b>159,633.6</b>	<b>213,314.0</b>	<b>173,312.0</b>	<b>8.6</b>
<b>USES</b>					
Personal Services and Employee Benefits	11,362.0	14,649.6	16,492.7	15,090.5	3.0
Contractual Services	6,700.9	9,103.9	11,985.5	7,284.3	(20.0)
Other	54,671.0	76,723.1	70,070.5	56,213.4	(26.7)
Other Financing Uses	49,870.9	59,157.0	95,101.2	72,907.0	23.2
Emergency water supply fund	0.0	0.0	109.9	109.9	0.0
Fiscal agent contract	0.0	0.0	0.0	1,064.8	0.0
State planning districts	0.0	0.0	693.0	693.0	0.0
Statewide teen court	0.0	0.0	137.9	137.9	0.0
Law enforcement protection fund	0.0	0.0	13,300.0	13,300.0	0.0
Leasehold community assistance	0.0	0.0	262.0	180.0	0.0
Acequia and community ditch education program	0.0	0.0	5.9	498.2	0.0
New Mexico acequia commission	0.0	0.0	13.1	88.1	0.0
Land grant council	0.0	0.0	24.3	626.9	0.0
Membership and dues	0.0	0.0	148.0	148.0	0.0
County detention of prisoners	0.0	0.0	4,970.0	4,970.0	0.0
<b>TOTAL USES</b>	<b>122,604.8</b>	<b>159,633.6</b>	<b>213,314.0</b>	<b>173,312.0</b>	<b>8.6</b>
<b>FTE</b>					
Permanent	150.3	129.3	130.4	130.4	0.9
Term	14.6	21.8	30.6	26.6	22.3
Temporary	1.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>165.9</b>	<b>151.1</b>	<b>161.0</b>	<b>157.0</b>	<b>3.9</b>

### At A Glance

For FY24, DFA requested a general fund revenue increase of \$16.7 million, or 58.6 percent, above the FY23 operating budget, with increases primarily for federal grants administration, hunger and food security programs, vacancy reductions, and civil legal services contracts. The general fund

request included an expansion request of \$13.6 million for the food and hunger initiative, \$2.5 million for federal grants management using federal funds, and \$850 thousand for a federal infrastructure office. The total budget request for FY24 was \$213.3 million, an increase of 37.5 percent, including \$24.3 million in federal revenues.

The committee recommends a general fund revenue increase of \$1.4 million, or nearly 5 percent above the FY23 operating budget for filling vacancies, staff training, and to cover increased audit fees and other rate increases. The general fund recommendation also includes \$8.4 million for nonoperating appropriations, including an increase of \$60 thousand for the leasehold community assistance program. The committee recommends a total FY24 budget of \$195.5 million, a 22 percent increase from the prior-year operating budget. Other financing uses include \$2 million in other state funds for the law enforcement protection fund and \$30 thousand in general fund revenues for county detention of prisoners in the Dues and Memberships Program.

### Budget Issues

DFA's general fund request included an increase of approximately \$712 thousand for vacancies across programs, including \$150 thousand to fill vacancies in the fiscal management and oversight program, \$112 thousand in the Local Government Division, \$100 thousand in policy development, and \$350 thousand in Program Support. DFA had vacancy savings in several programs, and the committee recommendation provides sufficient funding to fill approximately 15 vacancies. The general fund request also included an additional \$347.6 thousand for civil legal services contracts. The committee recommendation does not support the requested increase for civil legal services but maintains a budget of \$3.8 million, including \$110 thousand in nonrecurring junior bill appropriations that were included as recurring in the DFA operating budget for FY24.

The agency requested a general fund revenue increase of \$179.9 thousand in policy development for information technology and staff training, which the committee recommendation partially supports. In addition, the agency requested funding for increased contract audit support and audit training, including Comprehensive Annual Financial Report (CAFR) training. The committee recommendation partially supports the requested increases, providing a \$50 thousand general fund revenue increase in the Program Support Program for increased audit fees and a \$160 thousand increase in fiscal management and oversight for audit and CAFR training.

In addition to the requests for general fund support of personnel, the agency also requested an expansion of \$850 thousand for 4 FTE to support a federal infrastructure office. The committee is supportive of planned efforts to establish a federal infrastructure office for improved oversight of federal infrastructure funding, so the recommendation supports an increase of \$300 thousand for 3 FTE and small increases for contracts and other costs.

Requested general fund revenue increases also included \$13.6 million to fund hunger and food initiatives across different state agencies, which the committee recommendation does not support in the recurring budget. In FY23, the agency consolidated food and hunger requests from other agencies within the DFA operating budget request. During the 2022 legislative session, the agency received a total of \$29.7 million in nonrecurring appropriations for food insecurity and statewide hunger initiatives, not including \$700 thousand in operating funds at DFA. For FY24, DFA requested to fund several state agency programs that were previously funded with one-time funds within the DFA operating budget using recurring general fund revenues. The request included \$1.3 million for Medicaid prescription food boxes for the Aging and Long-Term Services Department, \$1.2 million for senior and Women, Infant, Children farmer's market nutrition program at the Department of Health, \$10 million for community assistance programs at the Human Services Department, and \$2 million for Double Up Food Bucks and healthy food financing programs at the New Mexico Department of Agriculture. The requested increase would also support 5 food and hunger FTE within DFA; 1 for the Human Services Department, 1 for the Aging and Long Term-Services Department, 1 for the Economic Development Department, and 2 for the Department of Agriculture. The committee recommendation maintains the \$700 thousand in the recommended base budget to support administration and operation costs associated with the food and hunger program but does not support funding nonrecurring food and hunger programs with recurring funding for FY24. The committee recommendation, however, does include \$7.5 million in nonrecurring appropriations to continue agency initiatives using one-time funds in FY24 and to continue to fund the New Mexico Food Security Grant Program at DFA, which awarded \$10 million to 40 awardees in FY23.

The agency also requested an increase of \$2.5 million for 6 federal grants bureau FTE and contracts using federal funds. The committee recommendation totals \$400 thousand but recommends general fund revenues rather than federal revenues. The committee recommendation supports the use of general fund revenues because the agency intended to use federal American Rescue Plan Act funds; however, those funds currently reside in the appropriation contingency fund essentially as general fund revenues. The committee may want to consider additional funding for an independent infrastructure office, rather than a new program or division within the department, to ensure more accountability and oversight.

The recommendation includes \$18.5 million in tobacco settlement revenue, lawsuit-related payments from tobacco companies. By statute, half of tobacco settlement revenue is automatically transferred to the tobacco settlement permanent fund and the other half to the tobacco settlement program fund for distribution to beneficiaries, primarily for smoking cessation and other health programs.

**Nonoperating Appropriations.** The FY24 general fund request for nonoperating appropriations included increases of \$142 thousand for leasehold community assistance and \$253.1 thousand for the land grant council. The committee recommendation includes an increase of \$60 thousand for leasehold community assistance. The recommended base budget recommendation also includes \$100 thousand in nonrecurring junior bill appropria-

tions for acequia and community ditch education programs and \$130 thousand for the land grant council included as recurring in the DFA budget for FY24. The total recommendation for nonoperating appropriations is \$23.8 million, including general fund transfers of \$8.4 million, nearly flat compared with FY23.

**Federal Funding and Grants Administration.** In FY22, DFA continued to manage spending of significant amounts of federal funds from the state's share of American Rescue Plan Act (ARPA) funding. During the 2021 second special session in December, the Legislature appropriated about \$345 million from American Rescue Plan Act state fiscal relief funds for transportation projects, economic development, rural jobs and natural resources, and other items. About \$87.7 million, or about 25 percent, has been expended as of the beginning of FY23. The most significant expenditures from the original investments include \$50 million to construct an acute care hospital in Valencia County, \$9.5 million of a \$15 million appropriation for tourism marketing and advertising, \$3 million of a \$20 million appropriation for state parks improvements, and a fully expended \$15 million appropriation to the General Services Department for employee Covid-19 costs and testing.

To track current and future federal grant funding, DFA currently operates two grant management dashboards and a grant management system. The systems are operated by the agency's new Federal Grants Bureau to provide oversight of federal funds for state agencies, as well as provide grant accounting, audit, and monitoring assistance to agencies seeking federal funding. Of nearly \$8 million appropriated to the department for federal grants management and oversight in FY23, DFA has spent \$653 thousand, or 70 percent, of its administrative and personnel funding and \$2.9 million, or 83 percent, of funds available for grants management to local governments and councils of governments. However, the agency has yet to distribute its \$1.5 million for contract grants management or its \$1 million for grants to local governments to match federal funding.

The agency managed distribution of \$177.3 million in emergency rental assistance funding, providing \$152 million in rental awards and nearly \$25 million in utility awards. In addition, DFA has distributed \$9.4 million in homeowner assistance awards for 1,568 households in coordination with the Mortgage Finance Authority.

**State Audit.** Based on the FY21 Annual Financial Report, the state ended FY21 with a net position of \$41.5 billion, a 24.8 percent increase from FY20. The state's total liabilities increased by \$5.1 billion, or 32.9 percent, and total assets increased by \$13.4 billion, or 27.3 percent, for both governmental and business-type activities. The current group audit process affects timely release of the report because development can only begin after completion of individual agency audits, some of which are not finalized until January of the following fiscal year.

**Financial Oversight and Management.** DFA has not prevented agencies from deficit spending in some cases, despite statutory requirements to ensure payments do not exceed an agency appropriation or balance of funds. For example, the General Services Department's health benefits program request—which is based on anticipated spending in the program rather than revenue raised by the program—has been in a deficit for several years because growth in medical costs outpaced premium revenue increases and the fund balance fell. From FY20 through FY22, the state spent \$94.5 million more on group benefits than it collected in premium revenue. Despite provisions of state law that prohibit agencies from spending money without sufficient cash to pay the expenses, the group benefits fund has run a deficit for several years. Before a payment may be made, section 6-5-3 NMSA 1978 requires both the state agency and DFA to determine the payment does not exceed the agency's appropriation and the payment does not exceed the unencumbered balance of funds held by the agency. Further, section 8-6-7 NMSA 1978 states the DFA secretary and the state treasurer may not make payment if they know, or should reasonably know, there is insufficient unexpended and unencumbered balances available. Finally, provisions included each year in the general appropriation act requires the State Budget Division of DFA to monitor revenue collections by agencies from sources other than the general fund and to reduce the operating budget of an agency where revenue is not meeting projections. To date, none of these provisions have effectively prevented the department from deficit spending from the group health benefits fund.

Additionally, DFA has made FY23 distributions to local law enforcement agencies from the law enforcement protection fund (LEPF) that not only exceed available balances but also seem likely to significantly exceed FY23 revenue to the fund based on the revenues received in FY22. The LEPF is set to receive 10 percent of insurance tax revenue from life, general casualty, and title insurance business. The Office of Superintendent of Insurance (OSI) managed the insurance premium tax program (which distributes insurance tax funds) until 2020, when administration of the program transferred to the Taxation and Revenue Department (TRD). Since then, TRD has updated the tax returns for the program, which it contends allows them to appropriately manage the program, but the agency has been unable to provide data documenting accurate revenues and distributions. Using projections based on these past revenues and anticipated continued increases, the Legislature increased distributions from the fund during the 2020 and 2022 legislative sessions, which resulted in an additional distribution of at least \$4.8 million in FY23 and an anticipated increase of \$10.1 million more in FY24, with substantial projected unused revenue (\$3.9 million in FY24 and \$5.4 million in FY25) reverting to the law enforcement retention fund to allow that program to continue. However, in FY21, the LEPF received \$16.4 million in revenue, a drop of 17 percent compared with the prior year, and in FY22 it received \$5.9 million, less than a third of its FY21 revenue and far below the \$24.1 million projected. To date in FY23, DFA has distributed \$10.2 million to local law enforcement agencies and transferred \$750 thousand to DPS for officer survivor benefits, while anticipated FY23 revenue will fall below these spending levels by about \$5 million.

**Board of Finance.** DFA's Board of Finance makes emergency loans and grants available to state entities. As of October 2022, the operating reserve fund had a balance of \$2.1 million remaining from its \$2.5 million appropriation, while the emergency water fund had a balance of \$73.9 thousand of its \$109.9 thousand appropriation.

For FY21, DFA requested a change to language in Section 4 of the General Appropriation Act to authorize up to \$5 million in emergency fund transfers from the general fund operating reserve. Between FY14 and FY18, state entities collectively requested an average of \$1 million in emergency loans annually. In FY19, the entire appropriated amount of \$2 million was requested and distributed. The committee recommendation supported language authorizing \$2.5 million in FY23, and the agency requested to increase the amount to \$5 million for FY24. The committee supports language authorizing \$2.5 million for the state BOF operating reserve fund for emergencies, flat with FY23.

**Community Development Programs.** The Local Driving While Intoxicated (LDWI) Grant Council allocated \$17.2 million to counties in FY22 to pay for treatment services, compliance monitoring, prevention, and other activities related to addressing DWI issues. The largest statutory LDWI fund distributions went to Bernalillo County (\$5.4 million), Santa Fe County (\$1.5 million), Doña Ana County (\$1.4 million), and San Juan County (\$1.2 million). In addition to statutory distributions, the council also awarded grants to 29 counties totaling nearly \$5 million and funding for detox programs in six counties totaling \$2.8 million. The LDWI fund receives 45 percent of annual liquor excise tax revenues. For FY24, DFA requested \$22.3 million for the LDWI fund. Projected liquor tax excise revenues are approximately \$50 million for FY24.

The civil legal services program is funded through general fund appropriations, as well as through civil filing fee revenues. The program saw funding shortfalls in FY20 and FY21, due to lower-than-projected fee revenues. For FY23, the program received \$110 thousand in additional recurring junior bill appropriations, included in the base budget recommendation for FY24. DFA awarded \$4.4 million in FY22 for civil legal services contracts for low-income individuals to 12 organizations, funded with revenue from the general fund and the civil legal services fund. The largest contract amount was \$2.4 million to New Mexico Legal Aid. Several other agencies also fund civil legal services contracts. For example, the Crime Victims Reparation Commission spent \$262 thousand on a contract with New Mexico Legal Aid, while the Children, Youth and Families Department spent \$210 thousand on contracts with four providers and the Aging and Long-Term Services Department spent nearly \$1.7 million contract with four providers.

### Base Expansion

The agency requested an expansion of \$850 thousand in general fund revenues in the Local Government Division for 4 FTE to support a federal infrastructure office. The committee recommendation supports an increase of \$300 thousand for 3 FTE and small increases for contracts and other costs.

The agency requested an expansion of \$13.6 million in policy development for hunger and food initiatives across different state agencies, which the committee recommendation does not support in the recurring budget. The committee recommendation maintains the \$700 thousand in the recommended base budget but does not support funding nonrecurring food and hunger programs with recurring funding.

The agency also requested an increase of \$2.5 million for 6 federal grants bureau FTE and contracts using federal funds. The committee recommendation totals \$400 thousand but recommends general fund revenues rather than federal revenues to more accurately reflect the intended revenue source.

### BASE EXPANSION LISTING FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Federal Grants Management	P541	2,523.0	400.0
1	Food Initiative	P541	13,600.0	0.0
1	Infrastructure Task Force	P543	850.0	300.0
<b>TOTAL</b>			<b>16,973.0</b>	<b>700.0</b>

### POLICY DEVELOPMENT, FISCAL ANALYSIS, BUDGET OVERSIGHT AND EDUCATION ACCOUNTABILITY

The purpose of the policy development, fiscal analysis, budget oversight and education accountability program is to provide professional and coordinated policy development and analysis and oversight to the governor, the legislature and state agencies so they can advance the state's policies and initiatives using appropriate and accurate data to make informed decisions for the prudent use of the public's tax dollars.



**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	3,610.7	5,093.0	18,972.9	5,603.0	10.0
Other Transfers	68.5	0.0	0.0	0.0	0.0
Federal Revenues	0.0	0.0	2,523.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>3,679.2</b>	<b>5,093.0</b>	<b>21,495.9</b>	<b>5,603.0</b>	<b>10.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,013.7	3,767.5	4,467.5	3,862.7	2.5
Contractual Services	142.8	473.3	2,373.3	774.5	63.6
Other	190.6	852.2	14,655.1	965.8	13.3
<b>TOTAL USES</b>	<b>3,347.1</b>	<b>5,093.0</b>	<b>21,495.9</b>	<b>5,603.0</b>	<b>10.0</b>
<b>FTE</b>					
Permanent	34.0	33.0	33.0	33.0	0.0
Term	0.0	0.0	6.0	3.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>35.0</b>	<b>33.0</b>	<b>39.0</b>	<b>36.0</b>	<b>9.1</b>

**Recommended Language**

On certification by the state board of finance pursuant to Section 6-1-2 NMSA 1978 that a critical emergency exists that cannot be addressed by disaster declaration or other emergency or contingency funds, the secretary of the department of finance and administration is authorized to transfer from the general fund operating reserve to the state board of finance emergency fund the amount necessary to meet the emergency. Such transfers shall not exceed an aggregate amount of two million five hundred thousand dollars (\$2,500,000) in fiscal year 2024. Repayments of emergency loans made pursuant to this paragraph shall be deposited in the board of finance emergency fund pursuant to the provisions of Section 6-1-5 NMSA 1978.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	General fund reserves as a percent of nonrecurring appropriations for the prior fiscal year	NEW	0.0%	N/A	N/A	N/A
Outcome	Moody's general obligation and severance tax bond rating	0.0	NEW	0.0	1.0	1.0
Outcome	Percent of awarded grants that were submitted as part of a technical assistance request	0.0%	NEW	0.0%	100.0%	100.0%
Outcome	Percent of grant recommendations accepted by a state agency and awarded by a federal agency	0.0%	NEW	0.0%	75.0%	75.0%
Outcome	Standard and Poor's rating for general obligation and severance tax bond	0.0	NEW	0.0	1.0	1.0
Output	Number of grant applicants requesting technical assistance	0.0	NEW	0.0	10.0	10.0
Output	Number of state agency on-site technical assistance deployments related to federal grant management	0.0	NEW	0.0	8.0	8.0
Output	Number of training sessions conducted related to federal grants	0.0	NEW	0.0	15.0	15.0
Output	Percent of bond proceeds, by general obligation or severance tax bond or note issuance, expended within three years of the issuance of the bond or note	0.0%	NEW	0.0%	85.0%	85.0%



## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	General fund reserves as a percent of recurring appropriations	45%	45%	25%	25%	30%
* Outcome	Error rate for the eighteen-month general fund revenue forecast, excluding oil and gas revenue and corporate income taxes	5%	5%	5%	5%	5%
* Outcome	Error rate for the eighteen-month general fund revenue forecast, including oil and gas revenue and corporate income taxes	5%	5%	5%	5%	5%
Outcome	General obligation bond rating (Moody's and S&P)	1.0	1.0	1.0	Discontinued	Discontinued
Outcome	Number of formal and informal trainings conducted by the state budget division	4.0	4.0	3.0	3.0	4.0
Output	Percent of agencies attending state budget division trainings	95%	95%	95%	95%	95%
Outcome	Percent of capital outlay expended within six months for all funding sources	7%	7%	5%	5%	5%
Outcome	Percent of capital outlay projects with no activity after one year	3%	3%	3%	3%	3%
Quality	Percent of state agencies who are satisfied with DFA services based on survey responses	100%	0%	90%	90%	90%
Outcome	Percent of capital outlay expended within three years for all funding sources	89%	89%	89%	89%	89%

## COMMUNITY DEVELOPMENT, LOCAL GOVERNMENT ASSISTANCE AND FISCAL OVERSIGHT

The purpose of the community development, local government assistance and fiscal oversight program is to help counties, municipalities and special districts maintain strong communities through sound fiscal advice and oversight, technical assistance, monitoring of project and program progress and timely processing of payments, grant agreements and contracts.

BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	4,574.5	6,520.9	8,113.7	7,010.8	7.5
Other Transfers	52.7	0.0	0.0	0.0	0.0
Federal Revenues	0.0	21,754.9	21,755.2	21,755.2	0.0
Other Revenues	36,549.1	34,992.8	35,819.2	35,819.2	2.4
Fund Balance	0.0	583.2	0.0	0.0	(100.0)
<b>TOTAL SOURCES</b>	<b>41,176.3</b>	<b>63,851.8</b>	<b>65,688.1</b>	<b>64,585.2</b>	<b>1.1</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	2,673.3	4,237.4	4,889.7	4,427.4	4.5
Contractual Services	3,861.2	5,360.0	5,569.9	5,055.3	(5.7)
Other	35,519.1	53,954.4	54,678.5	54,552.5	1.1
Other Financing Uses	300.0	300.0	550.0	550.0	83.3
<b>TOTAL USES</b>	<b>42,353.6</b>	<b>63,851.8</b>	<b>65,688.1</b>	<b>64,585.2</b>	<b>1.1</b>
<b>FTE</b>					
Permanent	45.2	25.3	26.4	26.4	4.6
Term	14.1	21.8	24.6	23.6	8.5
<b>TOTAL FTE</b>	<b>59.3</b>	<b>47.1</b>	<b>51.0</b>	<b>50.0</b>	<b>6.2</b>

**Recommended Language**

The other state funds appropriations to the community development, local government assistance and fiscal oversight program of the department of finance and administration include twelve million four hundred eleven thousand three hundred dollars (\$12,411,300) from the enhanced 911 fund, twenty-two million three hundred seven thousand nine hundred dollars (\$22,307,900) from the local DWI grant fund, and one million six hundred thousand dollars (\$1,600,000) from the civil legal services fund.

The general fund appropriation to the community development, local government assistance and fiscal oversight program of the department of finance and administration includes eighty thousand dollars (\$80,000) for the town of Bernalillo for financial systems support.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Number of completed legislative appropriations annually assigned to local government division from legislative sessions	0.0	NEW	N/A	N/A	N/A
Explanatory	Number of infrastructure capital improvement plans trainings provided annually	0.0	NEW	N/A	N/A	N/A
Explanatory	Number of legislative funded projects completed within the four year award period	0.0	NEW	N/A	N/A	N/A
Explanatory	Number of legislative funded projects completed within the two year award period	0.0	NEW	N/A	N/A	N/A
Explanatory	Number of local governing bodies submitting monthly geographic information system data	0.0	NEW	N/A	N/A	N/A
Explanatory	Number of low-income citizens assisted by civil legal service program funds	0.0	NEW	N/A	N/A	N/A
Explanatory	Number of participant organizations attending infrastructure capital improvement plan training annually	0.0	NEW	N/A	N/A	N/A
Explanatory	Percent of calls answered within ten seconds for all public service answering points	0.0%	NEW	N/A	N/A	N/A
Explanatory	Percent of emergency-911/next generation-911 capital projects completed on time and within capital equipment replacement cycle	0.0%	NEW	N/A	N/A	N/A
Explanatory	Percent of geographic information system data that is next generation-911 compliant	0.0%	NEW	N/A	N/A	N/A

### PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Percent of telecommunicators certified within twelve months after beginning employment	0.0%	NEW	N/A	N/A	N/A
Explanatory	Percentage of infrastructure capital improvement plans top five capital outlay projects funded by legislature	0%	NEW	N/A	N/A	N/A
Outcome	Percent of open community development block grant projects completed within two years	0%	NEW	0%	60%	60%
Output	Number of citizens of underserved communities served by newly awarded community development block grant projects	0.0	NEW	0.0	40.0	40.0
Output	Number of counties, municipalities, and special districts that local government division, budget and finance bureau provided technical assistance for software conversions, budgeting, financial reporting, taxation, personal identity safeguarding and other training	0.0	NEW	0.0	11.0	11.0
Output	Number of infrastructure capital improvement plans submissions received annually	0.0	NEW	0.0	500.0	500.0
Outcome	Percent of counties and municipalities that submitted complete information on procedures for safeguarding constituents' personal and financial information when accepting credit card and electronic transfer payments	0.0%	NEW	0.0%	90.0%	90.0%
Output	Number of visits to local public entities to provide next generation-911-related geographic information system general support of technical assistance	0.0	NEW	0.0	90.0	90.0
Quality	Percent of required site visits by enhanced-911/driving while intoxicated/community development block grant staff are conducted annually (% by program)	93%	93%	90%	90%	90%
Outcome	Number of counties and municipalities local government division assisted during the fiscal year to resolve audit findings and diminish poor audit opinions	14.0	18.0	11.0	11.0	15.0
Output	Number of local government division visits to local public entities	167.0	167.0	140.0	140.0	140.0
Output	Number of visits to local public entities to provide enhanced 911 general support or technical assistance	26.0	171.0	24.0	50.0	50.0
Quality	Percent of local public entities who are satisfied with local government division services based on survey responses	100%	100%	80%	80%	80%
Outcome	Percent of error-free payment requests submitted for payment within eight days of receipt	97%	97%	100%	100%	100%
Output	Number of trainings provided to local public entities	41.0	52.0	13.0	13.0	13.0
Outcome	Percent of capital intergovernmental grant agreements issued to grantee within sixty days of funding	50%	50%	50%	50%	50%

### FISCAL MANAGEMENT AND OVERSIGHT

The purpose of the fiscal management and oversight program is to provide for and promote financial accountability for public funds throughout state government by providing state agencies and the citizens of New Mexico with timely, accurate and comprehensive information on the financial status and expenditures of the state.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	5,857.2	6,397.6	6,738.8	6,662.6	4.1
Other Transfers	36,559.1	16,250.0	16,250.0	16,250.0	0.0
Other Revenues	39,460.6	39,800.0	51,800.0	51,800.0	30.2
Fund Balance	(3,998.4)	2,277.0	24,471.2	2,277.0	0.0
<b>TOTAL SOURCES</b>	<b>77,878.5</b>	<b>64,724.6</b>	<b>99,260.0</b>	<b>76,989.6</b>	<b>18.9</b>
<b>USES</b>					
Personal Services and Employee Benefits	4,275.1	4,801.9	4,951.9	4,906.8	2.2
Contractual Services	960.3	1,338.7	1,338.7	1,338.7	0.0
Other	148.6	257.0	448.2	417.1	62.3
Other Financing Uses	46,900.0	58,327.0	92,521.2	70,327.0	20.6
<b>TOTAL USES</b>	<b>52,284.0</b>	<b>64,724.6</b>	<b>99,260.0</b>	<b>76,989.6</b>	<b>18.9</b>
<b>FTE</b>					
Permanent	51.0	50.0	50.0	50.0	0.0
<b>TOTAL FTE</b>	<b>51.0</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>	<b>0.0</b>

**Recommended Language**

The internal service funds/interagency transfers appropriation to the fiscal management and oversight program of the department of finance and administration in the other financing uses category includes sixteen million two hundred fifty thousand (\$16,250,000) from the tobacco settlement program fund.

The fund balance appropriation to the fiscal management and oversight program of the department of finance and administration in the other financing uses category includes two million two hundred seventy-seven thousand (\$2,277,000) from the tobacco settlement program fund.

The other state funds appropriation in the other financing uses category of the fiscal management and oversight program of the department of finance and administration includes fifty-one million eight hundred thousand dollars (\$51,800,000) from the county-supported medicaid fund.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Percent of state agencies attending payroll trainings provided by financial control division annually	0.0%	NEW	0.0%	90.0%	90.0%
Explanatory	Length of time to issue the annual financial report after the end of the fiscal year, in days	N/A	60.0	N/A	N/A	N/A
Efficiency	Percent of payroll payments to employees made by the scheduled payday	100%	100%	100%	100%	100%
* Efficiency	Percent of correctly vouchered and approved vendor payments processed within two working days	100%	100%	100%	100%	100%
* Output	Percent of bank accounts reconciled on an annual basis	100%	100%	100%	100%	100%
Output	Number of trainings held by financial control division	50.0	76.0	25.0	25.0	25.0
Quality	Percent of material audit findings resolved in statewide annual financial report	25%	25%	75%	75%	75%

**MEMBERSHIP AND DUES****Recommended Language**

The department of finance and administration shall not distribute a general fund appropriation made in items (b) through (k) to a New Mexico agency or local public body that is not current on its audit or financial reporting or otherwise in compliance with the Audit Act.

**Department of Finance and Administration Non-Operating Appropriations (P545)****Budget Request Summary**

(dollars in thousands)

**Fiscal Year 2024**

	FY23 Operating	Agency Request	\$ Change	% Change	LFC Recommendation	\$ Δ OpBud	% Δ OpBud
<b>SOURCES</b>							
General fund transfers	\$8,366.6 *	\$8,761.7	\$395.1	4.7%	\$8,426.6	\$60.0	0.7%
Other Revenues	\$15,420.2	\$15,420.2	\$0.0	0.0%	\$15,420.2	\$0.0	0%
						\$0.0	0%
<b>SOURCES TOTAL</b>	<b>\$23,786.8</b>	<b>\$24,181.9</b>	<b>\$395.1</b>	<b>1.7%</b>	<b>\$23,846.8</b>	<b>\$60.0</b>	<b>0.3%</b>
<b>USES (General Fund)</b>							
(a) Membership and Dues	\$148.0	\$148.0	\$0.0	0.0%	\$148.0	\$0.0	0%
(b) Emergency water supply fund	\$109.9	\$109.9	\$0.0	0.0%	\$109.9	\$0.0	0%
(c) Fiscal agent contract	\$1,064.8	\$1,064.8	\$0.0	0.0%	\$1,064.8	\$0.0	0%
(d) State planning districts	\$693.0	\$693.0	\$0.0	0.0%	\$693.0	\$0.0	0%
(e) Leasehold community assistance	\$120.0	\$262.0	\$142.0	118.3%	\$180.0	\$60.0	50.0%
(f) County detention of prisoners	\$5,000.0	\$5,000.0	\$0.0	0.0%	\$5,000.0	\$0.0	0%
(g) Acequia and community ditch education program	\$498.2	\$498.2	\$0.0	0.0%	\$498.2	\$0.0	0%
(h) New Mexico acequia commission	\$88.1	\$88.1	\$0.0	0.0%	\$88.1	\$0.0	0%
(i) Statewide teen court	\$17.7	\$17.7	\$0.0	0.0%	\$17.7	\$0.0	0%
(j) Land grant council	\$626.9	\$880.0	\$253.1	40.4%	\$626.9	\$0.0	0%
<b>TOTAL GENERAL FUND</b>	<b>\$8,366.6</b>	<b>\$8,761.7</b>	<b>\$395.1</b>	<b>4.7%</b>	<b>\$8,426.6</b>	<b>\$60.0</b>	<b>0.7%</b>
<b>USES (Non-General Fund)</b>							
(i) Statewide teen court	\$120.2	\$120.2	\$0.0	0.0%	\$120.2	\$0.0	0%
(k) Law enforcement protection fund	\$15,300.0	\$15,300.0	\$0.0	0.0%	\$15,300.0	\$0.0	0%
<b>TOTAL NON-GENERAL FUND</b>	<b>\$15,420.2</b>	<b>\$15,420.2</b>	<b>\$0.0</b>	<b>0.0%</b>	<b>\$15,420.2</b>	<b>\$0.0</b>	<b>0%</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$23,786.8</b>	<b>\$24,181.9</b>	<b>\$395.1</b>	<b>1.7%</b>	<b>\$23,846.8</b>	<b>\$60.0</b>	<b>0%</b>

\* FY23 operating budget amount includes \$130 thousand in recurring Jr. Bill appropriations for the acequia and community ditch education program and \$100 thousand for the land grant council.

**PROGRAM SUPPORT**

The purpose of program support is to provide other department of finance and administration programs with central direction to agency management processes to ensure consistency, legal compliance and financial integrity, to provide human resources support and to administer the executive's exempt salary plan.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,973.0	2,177.4	2,688.1	2,287.4	5.1
Other Transfers	32.2	0.0	0.0	0.0	0.0
Fund Balance	10,908.9	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>12,914.1</b>	<b>2,177.4</b>	<b>2,688.1</b>	<b>2,287.4</b>	<b>5.1</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,288.9	1,833.6	2,183.6	1,893.6	3.3
Contractual Services	180.7	115.8	215.8	115.8	0.0
Other	186.2	228.0	288.7	278.0	21.9
<b>TOTAL USES</b>	<b>1,655.8</b>	<b>2,177.4</b>	<b>2,688.1</b>	<b>2,287.4</b>	<b>5.1</b>
<b>FTE</b>					
Permanent	20.0	21.0	21.0	21.0	0.0
<b>TOTAL FTE</b>	<b>20.0</b>	<b>21.0</b>	<b>21.0</b>	<b>21.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of SHARE help desk tickets closed or referred to the department of information technology within forty-eight hours of receipt	0%	NEW	0%	95%	95%
Output	Percent of capital projects fund reconciliations completed within twenty-one days after the official closing of the books each quarter	0%	NEW	0%	100%	100%
Output	Percent of general fund reconciliations completed within twenty-one days after the official closing of the books each quarter	0%	NEW	0%	100%	100%
Outcome	Number of material weaknesses or significant deficiency findings in department audited financial statements	0.0	NEW	0.0	0.0	0.0
Outcome	Percent of federal fund reconciliations completed within twenty-one days after the official closing of the books each quarter	0%	NEW	0%	100%	100%
Outcome	Percent of major fund reconciliations completed as an internal control within 21 days after the official closing of the books each quarter	67%	75%	97%	Discontinued	97%
Outcome	Number of DFA security scans performed annually	8.0%	12.0%	12.0%	Discontinued	Discontinued
Quality	DFA IT security score (850 Max)	N/A	N/A	N/A	N/A	N/A

**Statutory Authority**

The Public Schools Insurance Authority (PSIA) was created by Sections 22-29-1 through 22-29-6-12 NMSA 1978 to provide comprehensive core insurance programs for public schools, except those in the Albuquerque school district, and other educational entities. PSIA is governed by an 11-member board.

**Mission**

NMPSIA offers medical, dental, prescription drug, and vision coverage, as well as life and disability insurance. NMPSIA also provides comprehensive property, liability, and workers' compensation programs to educational entities so they are protected for personnel injuries and financial losses.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	1,419.9	1,520.1	1,581.1	1,581.1	4.0
Federal Revenues	15,000.0	0.0	0.0	0.0	0.0
Other Revenues	407,298.8	442,095.8	452,343.9	472,608.8	6.9
Fund Balance	19,831.5	0.0	33,738.2	0.0	0.0
<b>TOTAL SOURCES</b>	<b>443,550.2</b>	<b>443,615.9</b>	<b>487,663.2</b>	<b>474,189.9</b>	<b>6.9</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,065.2	1,244.4	1,305.4	1,305.4	4.9
Contractual Services	440,788.3	440,666.1	484,591.4	471,118.1	6.9
Other	159.4	185.3	185.3	185.3	0.0
Other Financing Uses	1,419.9	1,520.1	1,581.1	1,581.1	4.0
<b>TOTAL USES</b>	<b>443,432.8</b>	<b>443,615.9</b>	<b>487,663.2</b>	<b>474,189.9</b>	<b>6.9</b>
<b>FTE</b>					
Permanent	11.0	11.0	12.0	12.0	9.1
<b>TOTAL FTE</b>	<b>11.0</b>	<b>11.0</b>	<b>12.0</b>	<b>12.0</b>	<b>9.1</b>

**At A Glance**

For FY24, the New Mexico Public Schools Insurance Authority (NMPSIA), whose funding is built into the public schools support budget, requested an increase of \$10 million for insurance rates, \$200 thousand for investment income, and \$33.7 million in fund balance, for a total increase \$44 million, or 10 percent, from the agency's FY23 operating budget. NMPSIA sets insurance rates for the upcoming school year each spring. For FY23, NMPSIA anticipates a 7.2 percent increase for health benefit premiums. The agency request for risk insurance is flat with anticipated FY23 revenue.

The LFC recommendation includes \$16.9 million in additional expenditure authority in the Health Benefits Program. Funding for an insurance premium increase of 6 percent is included in the public school support budget (see: "PSS: Agency 993"). The LFC recommendation includes an inflation adjustment of 6 percent for the Risk Program.

**Budget Issues**

NMPSIA provides health benefits and risk insurance to the 88 school districts aside from Albuquerque Public Schools (APS) and 100 charter schools. The Benefits Program is self-insured and funded through employer and employee premiums. NMPSIA pays the full cost of health benefits claims through the provider networks of private insurance carriers, which receive a set administrative fee. The Risk Program provides property, liability, workers' compensation, and other insurance coverages and is funded through insurance premium assessments on individual school districts and charter schools based on risk exposure and claims experience. For FY24, NMPSIA requested a total budget of \$487.7 million, \$44 million, or 10 percent, over the FY23 operating budget.

NMPSIA requests funding to be included in the public school support (PSS) budget for distribution to districts. The NMPSIA board is empowered to set insurance rates assessed to districts regardless of whether funding was included in the PSS budget. APS receives a 25 percent share of the state equalization guarantee funding available for insurance in the PSS budget regardless of claims experience based on the APS share of total school



funding units. Because NMPSIA has the authority to set rates independent of the Legislature, the FY24 budget request is a request for expenditure authority rather than a request for a direct general fund appropriation.

**Benefits.** The Benefits Program requested an increase of \$24.5 million, or 6.9 percent, over the FY23 operating budget. However, agency projections for FY23 revenues are 4 percent below the agency's operating budget and projected expenditures are 1.5 percent below the agency's operating budget. NMPSIA continues to struggle with member losses, as premium rate increases price public school employees out of the coverage and employees have access to other coverage options due to the Affordable Care Act, including Medicaid. In FY22, NMPSIA provided coverage to 44.4 thousand members, a year-over-year decline of 3 percent from FY21 and a decline of 6 percent over five years. However, NMPSIA membership could benefit from changes to school district policies on employer contributions. According to NMPSIA data, 20 school districts and nine charter schools currently provide more than statutorily required contribution for health benefits, reducing costs for employees as a recruitment and retention tool. Decreasing costs for employees may lead more to opt into the program.

NMPSIA sets rates in accordance with a five-year plan, the goal of which is to set rates high enough to pay the costs of all claims, reserve funds for claims that are incurred but not reported (IBNR), and build an additional reserve equivalent to one month's worth of claims expenditures to insulate the program from the impacts of high-cost events. According to NMPSIA's actuaries, annual rate increases would need to average nearly 9 percent to meet the target fund balance level of \$37.5 million by FY27. NMPSIA reports an FY23 beginning benefits fund balance of \$13 million. NMPSIA anticipates medical claims costs in FY23 will exceed fund revenues by \$8.5 million, reducing the projected FY23 ending fund balance to \$4.5 million. However, the agency's targeted fund balance includes estimates for claims payable and for "incurred but not reported" claims. As of the close of FY22, the fund held \$45.9 million in cash and investments to pay claims.

LFC recommends a Benefits Program budget of \$371 million, an increase of \$16.9 million, or 4.8 percent, over the FY23 operating budget, but an increase of 6.3 percent over agency projections of FY23 expenditures. The recommendation started with FY23 projected revenue and increases the FY23 projection by 6 percent to reflect higher insurance premiums and assumes 2 percent cost savings from plan design changes or other agency initiatives. The recommendation is for expenditure authority, and an appropriation for premium increases is contained in the Public School Support budget (see: "PSS: Agency 993"). Should costs increase significantly beyond projections, the NMPSIA board has the authority to change benefits to reduce plan costs by increasing co-pays, deductibles, and maximum out-of-pocket limits. Finally, greater emphasis on results produced by wellness programs that seek to avoid cost through better management of chronic conditions, such as diabetes.

**Risk.** The Risk Program requested an increase of \$19.5 million, or 22.3 percent, over the FY23 operating budget. However, the agency is projecting an additional \$6.8 million in revenue not included in the agency's operating budget. For FY24, the agency's request for insurance rates is flat with FY23 projections, but the agency requested an additional \$13.8 million in fund balance for cost increases.

As of July 31, 2022, NMPSIA reported total assets in the risk fund of \$187.4 million and total liabilities of \$171.8 million, resulting in a net fund balance of \$15.6 million. However, the liabilities include \$36 million for case reserves to pay reported damage claims and an additional \$49.2 million for IBNR claims. NMPSIA has a target fund balance of \$5 million over IBNR reserves so the agency could pay out all claims, known and unknown, and still have \$5 million in reserve. This reserve allows NMPSIA to pay large claims without having to immediately increase rates on participants, but maintaining the reserve requires the agency to set higher premiums to ensure surplus funding in the Risk Program.

NMPSIA anticipates paying approximately \$57.8 million for excess insurance coverage in FY23. This additional insurance is effective once a claim is made for property damage, liability, crime, or workers' compensation over a certain dollar threshold, or self-insured retention (SIR), and does not pay for damages below the SIR amount. From FY19 through FY22, NMPSIA paid \$168.4 million for excess coverage insurance for property and liability. The agency reports excess insurance recoveries of \$36.8 million over the same period, a net loss of \$131.6 million over the four-year period.

NMPSIA reports the agency continues to struggle with high-dollar sexual misconduct claims. Over the 10 years from 2012 to 2021, the New Mexico Public Schools Insurance Authority paid \$33.6 million related to 141 sexual abuse and molestation claims. NMPSIA reported the agency has settled 12 claims caused by a single individual, with total payouts of \$35.6 million. Other individuals have had multimillion dollar settlements. The average cost per case increased from \$95 thousand per claim in the five years from 2012 to 2016 to \$341 thousand per claim in the five years from 2017 to 2021.

Laws 2021, Chapter 119, (House Bill 4) created the New Mexico Civil Rights Act that law allows a person who claims a deprivation of any "rights, privileges or immunities" secured by the bill of rights of the New Mexico Constitution to bring a lawsuit in state district court and recover actual damages and injunctive relief. The act increases the maximum damage award per claimant to \$2 million and allows for recovery of attorney fees. At the time of passage, NMPSIA stated the act could cause "claim values and settlements to triple based on the attorney fee provision." However, without specific information on policy proposals, it is impossible to determine potential costs, and rates do not reflect a potential increase in claims costs due to the act.

The LFC recommendation increases the Risk Program budget to \$100.8 million, an increase of \$13.6 million, or 15.6 percent, from the approved operating budget but an increase of 6 percent from projected FY23 expenditures. The recommended increase reflects rising inflation. While liability claims



exposure is potentially massive, the amount is not known. Further, claims may be paid with recurring premium increases, but they may also be paid in a nonrecurring manner similar to the special appropriation made to NMPSIA during the 2020 session.

**Program Support.** The agency requested an increase of \$61 thousand, or 4 percent, for Program Support for FY23. The increase comes from NMP-SIA fund balances and is transferred to the Support Program from the Benefits and Risk programs. The additional funding will be used to hire one executive assistant to take over minor administrative tasks from the director, deputy director, and chief financial officer. NMPSIA maintains a small staff and relies extensively on outside contractors to provide information to the board; additional FTE could minimize the need for outside contractors and allow senior staff to focus on data analysis to improve program design. Agency staff have indicated the need for a more data-driven approach to agency operations. The LFC recommendation fully funds the request for program support.

### Base Expansion

The agency's initial budget request for \$61 thousand for an executive assistant was included in the agency's base budget request and not as an expansion. The initial request was later amended to reduce the base budget request by \$64.5 thousand and add an expansion for \$64.5 thousand. Because the net effect is the same, the LFC recommendation includes the agency's request for an executive assistant in the base budget, as initially requested. The LFC recommendation fully funds the agency's request for program support.

#### BASE EXPANSION LISTING FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Request for Executive Assistant	P632	64.5	0.0
0	Transfer to P632 for expansion FTE	P630	32.3	0.0
0	Transfer to P632 for expansion FTE	P631	32.2	0.0
<b>TOTAL</b>			<b>129.0</b>	<b>0.0</b>

### BENEFITS

The purpose of the benefits program is to provide an effective health insurance package to educational employees and their eligible family members so they can be protected against catastrophic financial losses due to medical problems, disability or death.

#### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Federal Revenues	15,000.0	0.0	0.0	0.0	0.0
Other Revenues	323,018.9	354,846.7	359,432.8	371,775.4	4.8
Fund Balance	17,080.7	0.0	19,913.7	0.0	0.0
<b>TOTAL SOURCES</b>	<b>355,099.6</b>	<b>354,846.7</b>	<b>379,346.5</b>	<b>371,775.4</b>	<b>4.8</b>
<b>USES</b>					
Contractual Services	354,389.7	354,086.7	378,555.5	370,984.4	4.8
Other Financing Uses	710.0	760.0	791.0	791.0	4.1
<b>TOTAL USES</b>	<b>355,099.7</b>	<b>354,846.7</b>	<b>379,346.5</b>	<b>371,775.4</b>	<b>4.8</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Percent change in per-member health claim costs	2.1%	16.0%	4.6%	5.0%	4.6%
Efficiency	Average number of days to resolve inquiries and appeals related to customer service claims	5.1	6.0	6.0	6.0	6.0
* Outcome	Percent change in medical premium as compared with industry average	1.7%	5.7%	4.5%	4.5%	4.5%
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	58%	58%	62%	62%	62%
Explanatory	Number of participants covered by health plans	45,807.0	44,391.0	N/A	N/A	N/A
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	80%	81%	82%	82%	82%
Efficiency	Annual loss ratio for the health benefits fund	99%	106%	98%	98%	98%
Explanatory	Year-end fund balance of the health benefits fund, in thousands	\$34,999	\$13,053	N/A	N/A	N/A

**RISK**

The purpose of the risk program is to provide economical and comprehensive property, liability and workers' compensation programs to educational entities so they are protected against injury and loss.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	84,279.9	87,249.1	92,911.1	100,833.4	15.6
Fund Balance	2,750.8	0.0	13,824.5	0.0	0.0
<b>TOTAL SOURCES</b>	<b>87,030.7</b>	<b>87,249.1</b>	<b>106,735.6</b>	<b>100,833.4</b>	<b>15.6</b>
<b>USES</b>					
Contractual Services	86,320.8	86,489.0	105,945.5	100,043.3	15.7
Other Financing Uses	709.9	760.1	790.1	790.1	3.9
<b>TOTAL USES</b>	<b>87,030.7</b>	<b>87,249.1</b>	<b>106,735.6</b>	<b>100,833.4</b>	<b>15.6</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Quality	Percent of educational entities satisfied with risk insurance claim-processing service	95%	90%	95%	95%	95%
Outcome	Percent of schools in compliance with loss control prevention recommendations	64%	87%	75%	75%	75%
Outcome	Average cost per workers' compensation claim for current fiscal year	\$3,028	\$1,922	\$3,500	\$3,500	\$3,500
Outcome	Percent change in the average cost of workers' compensation claims as compared with self-insured plans in the workers' compensation administration's annual report	4.00%	4.00%	4.00%	4.00%	4.00%

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Explanatory	Total dollar amount of excess insurance claims for property, in thousands	\$10,363.7	\$36,693.7	N/A	N/A	N/A
* Explanatory	Total dollar amount of excess insurance claims for liability, in thousands	\$24,539.7	\$23,413.2	N/A	N/A	N/A
* Explanatory	Total dollar amount of excess insurance claims for workers' compensation, in thousands	\$64.6	\$82.4	N/A	N/A	N/A
Explanatory	Year-end financial position of the risk fund	103.00%	110.71%	N/A	N/A	N/A
Efficiency	Annual loss ratio for the risk fund	104%	102%	100%	75%	100%

**PROGRAM SUPPORT**

The purpose of program support is to provide administrative support for the benefits and risk programs and to assist the agency in delivering services to its constituents.

BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	1,419.9	1,520.1	1,581.1	1,581.1	4.0
<b>TOTAL SOURCES</b>	<b>1,419.9</b>	<b>1,520.1</b>	<b>1,581.1</b>	<b>1,581.1</b>	<b>4.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,065.2	1,244.4	1,305.4	1,305.4	4.9
Contractual Services	77.9	90.4	90.4	90.4	0.0
Other	159.4	185.3	185.3	185.3	0.0
<b>TOTAL USES</b>	<b>1,302.5</b>	<b>1,520.1</b>	<b>1,581.1</b>	<b>1,581.1</b>	<b>4.0</b>
<b>FTE</b>					
Permanent	11.0	11.0	12.0	12.0	9.1
<b>TOTAL FTE</b>	<b>11.0</b>	<b>11.0</b>	<b>12.0</b>	<b>12.0</b>	<b>9.1</b>

**Recommended Language**

Any unexpended balance in program support of the New Mexico public school insurance authority remaining at the end of fiscal year 2024 shall revert in equal amounts to the benefits program and risk program.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Number of prior-year audit findings that recur	0.0	0.0	0.0	0.0	0.0
Efficiency	Percent of employee performance evaluations completed by anniversary date	100%	100%	100%	100%	100%

### Statutory Authority

The New Mexico Retiree Health Care Authority (RHCA) was created by Section 10-7C-1 through 10-7C-19 NMSA 1978 to provide affordable health-care for New Mexico public retirees and eligible dependents. RHCA is governed by a board of 11 members: the state treasurer, a governor's appointee, a state employee, a teacher, two representatives from pension plans, two representatives from retiree associations, one member from the Municipal League, one member from the school superintendent's association, and one member from New Mexico Counties.

### Mission

RHCA seeks to provide an affordable, comprehensive group health insurance benefits plan for present and future retirees and eligible dependents. The benefits plan offers medical, prescription drug, dental, vision, basic life, and voluntary life coverage.

### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	3,280.7	3,558.2	4,034.6	3,781.3	6.3
Other Revenues	411,140.4	380,529.9	394,456.3	394,203.0	3.6
<b>TOTAL SOURCES</b>	<b>414,421.1</b>	<b>384,088.1</b>	<b>398,490.9</b>	<b>397,984.3</b>	<b>3.6</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,962.9	2,296.3	2,673.6	2,453.8	6.9
Contractual Services	321,951.9	377,601.6	391,112.5	391,079.0	3.6
Other	575.9	632.0	670.2	670.2	6.0
Other Financing Uses	3,280.7	3,558.2	4,034.6	3,781.3	6.3
<b>TOTAL USES</b>	<b>327,771.4</b>	<b>384,088.1</b>	<b>398,490.9</b>	<b>397,984.3</b>	<b>3.6</b>
<b>FTE</b>					
Permanent	26.0	26.0	29.0	27.0	3.8
<b>TOTAL FTE</b>	<b>26.0</b>	<b>26.0</b>	<b>29.0</b>	<b>27.0</b>	<b>3.8</b>

### At A Glance

Although RHCA is not directly appropriated general fund revenues for operational expenses, cost of this post-employment health benefit for retired public employees and teachers impacts the general fund through employer-paid contributions and an earmark from the tax administration suspense fund. At the end of FY22, the RHCA trust fund balance was \$1.1 billion, compared with \$281 million a decade ago. However, on an actuarial basis, funding is only sufficient to cover about 25.4 percent of the estimated \$4.4 billion in current and future healthcare liabilities. The program is projected to maintain a positive fund balance through 2053.

For FY24, the agency requested an increase of 3.7 percent from the FY23 operating budget. The increase was driven by medical costs, as well as membership growth. The agency also requested a 3 FTE expansion. The LFC recommendation fully funds the agency request for health benefits and partially funds the requested expansion.

### Budget Issues

RHCA was created by the Legislature in 1990 to provide subsidized access to health insurance products for retired civil servants. However, the Legislature provided no funding, set no eligibility criteria requiring retirees to make a minimum level of contributions prior to drawing benefits, and required just one year of employee and employer contributions before the program began paying benefits. As a result, the program started from a deficit position with no assets to cover future liabilities.

The Retiree Health Care Act provides that the benefits offered to retired public employees may be modified, diminished, or extinguished by the Legislature and that the act does not create any contract, trust, or other rights to public employees for healthcare benefits. The RHCA board has authority to make changes to this optional benefit. The Legislature sets public employer and public employee statutory contribution rates, now 2 percent and 1 percent of pay, respectively, for nonpublic safety plan members.

In addition to employee and employer contributions, the state provides a direct appropriation in the form of a distribution from the tax administration suspense fund to support the agency. The distribution is set by statute and increases 12 percent per year, roughly doubling the distribution amount

every six years. For FY24, the distribution will increase to \$46.3 million, an increase of \$5 million from FY23. Monies distributed to RHCA from the tax administration suspense fund would otherwise go to the general fund for appropriation by the Legislature.

RHCA budgets sufficient funds to pay anticipated health costs. However, revenue generated by the program is often greater than healthcare expenses; in FY22 program revenues totaled approximately \$411 million, \$83 million higher than the actual expenditures of \$328 million. The revenue received in excess of expenditures was directed to the retiree healthcare trust fund and invested. This funding will be used to pay future benefit costs.

RHCA membership includes 13.7 thousand pre-Medicare retirees and 40.6 thousand Medicare eligible retirees. Depending on years of service, pre-Medicare retirees receive a subsidy up to 64 percent of plan cost while Medicare-eligible participants may receive a subsidy up to 50 percent. However, RHCA rules recently changed to limit subsidies for retirees under the age of 55. For members not enrolled in an enhanced retirement plan—generally public safety employees that make higher contributions to account for shorter careers—those who retire after July 31, 2021 will not receive a subsidy until they turn 55 years old and are required to cover 100 percent of the premium if they choose to enroll. Coverage is also subsidized for spouses of older retirees, up to 25 percent for Medicare-eligible spouses and 36 percent for pre-Medicare spouses depending on the retiree's years of service. Premiums for dependent coverage are 100 percent paid by the retiree, as are premiums for dental, vision, and life insurance. Under current practice, the plan more heavily subsidizes the younger, working-age population. In FY21, RHCA paid \$173.4 million for coverage of pre-Medicare participants, \$12 thousand per member on average, and \$103.4 million for Medicare-eligible participants, or \$2,600 per member on average.

For calendar year 2023, the RHCA board will increase retiree premiums by 4 percent and 2 percent for pre-Medicare and Medicare supplement plans, respectively. Depending on the coverage plan, pre-Medicare retirees under the age of 55 would pay an increase of between \$323 and \$414 per year. For retirees over 55 or those who retired prior to August 2021, rates would increase by as little as \$116.40 per year, depending on coverage plan and years of service. Spousal coverage for pre-Medicare retirees would increase by between \$221 and \$442 per year. Retirees purchasing Medicare supplement plans would see an increase of between \$56 and \$110 per year, with spouses seeing an increase of between \$85 and \$112 per year.

For FY24, the agency requested \$398.5 million, a \$14.4 million, or 3.7 percent, increase from the FY23 operating budget. The request for the Healthcare Benefits Administration Program included \$124.6 million in revenue from employee and employer contributions, \$184.5 million from insurance premium assessments on retirees, \$46.3 million from a distribution from the tax suspense fund, and \$39 million from prescription drug rebates and Medicare part D subsidies.

The request for Program Support totaled \$4 million, a \$476.4 thousand, or 13.4 percent, increase from the FY23 operating budget. The request assumed all 26 authorized positions would be filled and included additional funding for a 3 FTE expansion. The agency has noted a growth in the agency's information technology needs, particularly in relation to network security. The request includes increases in the contractual services and other categories for actuarial and accounting services and general operating expenses.

The LFC recommendation recognizes the expenditure request of RHCA is supported by statutorily determined revenues and does not make changes to the statutory rates. The LFC recommendation fully funds the agency request for the healthcare benefits and partially funds the Program Support expansion to support the agency's information technology and cybersecurity needs. The recommendation supports increases in the contractual services category for additional audit services.

**Trends.** The Kaiser Family Foundation estimates health insurance costs nationally have increased 20 percent since 2017, and an analysis of proposed 2023 increases in 13 states showed health care costs increasing by between 4 percent and 8 percent. This rate of growth is referred to as "medical trend."

The federal Center for Medicare and Medicaid Services (CMS) estimates health spending will grow at an average rate of 5.1 percent per year from 2021 to 2030. While CMS has often projected health spending to grow at a rate higher than the nation's gross domestic product (GDP), the 2022 projections suggest health spending will grow at a comparable rate to the overall economy, with the share of GDP related to health spending falling from 19.7 percent in 2020 to 19.6 percent in 2030.

**Sustainability.** A December 2018 report from the Pew Charitable Trusts on other postemployment benefits showed 48 states have retiree healthcare programs but only eight states' plans have sufficient assets to cover 30 percent of liabilities, while 19 states have only enough assets to pay for less than 1 percent of liabilities. States such as New Mexico, which provide retirees with a monthly contribution set at a flat percentage of the premium, report the largest liabilities and could face the greatest fiscal challenges; their costs automatically increase with plan premium increases while appropriations grow at the rate of payroll, typically less than the rate of medical trend. Conversely, states that provide a small cash subsidy to be applied toward the monthly premium report lower liabilities.

RHCA provides the largest subsidies for workers who are not yet Medicare-eligible. This benefit provides an incentive for workers to leave state service early because they will receive a more generous subsidy than they will under the Medicare subsidy program. Additionally, the current minimum

retirement age of 55 does little to curtail use of the pre-Medicare subsidy. Further reduction of the pre-Medicare subsidy, or increasing the minimum retirement, age would reduce program costs.

Each year, in accordance with the Governmental Accounting Standards Board, RHCA reports total fund liabilities. For FY21, the fund had a total liability of \$4.4 billion and assets of approximately \$1.1 billion, resulting in a net healthcare liability of \$3.3 billion, of which \$793 million was attributable to the state of New Mexico. For FY21, projected liabilities fell by \$600 million due to projected decreases in medical trend over the next 14 years.

### Base Expansion

The agency requested \$281.1 thousand for a 3 FTE expansion, with new personnel to oversee customer service operations, meet growing information technology needs, and enhance network security. The LFC recommendation includes funding for the requested IT network administrator to support the agency's information technology and cybersecurity needs.

#### BASE EXPANSION LISTING FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	3 New FTEs	P634	281.1	157.5
0	Transfer to Fund P634 expansion	P633	281.1	157.5
<b>TOTAL</b>			<b>562.2</b>	<b>315.0</b>

### HEALTHCARE BENEFITS ADMINISTRATION

The purpose of the healthcare benefits administration program is to provide fiscally solvent core group and optional healthcare benefits and life insurance to current and future eligible retirees and their dependents so they may access covered and available core group and optional healthcare benefits and life insurance benefits when they need them.

#### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	411,137.4	380,529.9	394,456.3	394,203.0	3.6
<b>TOTAL SOURCES</b>	<b>411,137.4</b>	<b>380,529.9</b>	<b>394,456.3</b>	<b>394,203.0</b>	<b>3.6</b>
<b>USES</b>					
Contractual Services	321,362.1	376,926.7	390,376.7	390,376.7	3.6
Other	39.0	45.0	45.0	45.0	0.0
Other Financing Uses	3,280.7	3,558.2	4,034.6	3,781.3	6.3
<b>TOTAL USES</b>	<b>324,681.8</b>	<b>380,529.9</b>	<b>394,456.3</b>	<b>394,203.0</b>	<b>3.6</b>

#### PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Output	Minimum number of years of positive fund balance	30.0	30.0	30.0	30.0	30.0
Outcome	Number of years of projected balanced spending	7.0	10.0	6.0	6.0	6.0

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Emergency room visits per 1,000 members	412.0	451.0	200.0	200.0	200.0
Explanatory	Year-end fund balance of the health benefits fund, in thousands	\$1,056,184	\$1,092,570	N/A	N/A	N/A
Efficiency	Annual loss ratio for the health benefits fund	95%	100%	100%	100%	100%
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	38%	28%	85%	85%	85%
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	44%	45%	80%	80%	80%

**PROGRAM SUPPORT**

The purpose of program support is to provide administrative support for the healthcare benefits administration program to assist the agency in delivering its services to its constituents.

BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	3,280.7	3,558.2	4,034.6	3,781.3	6.3
Other Revenues	3.0	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>3,283.7</b>	<b>3,558.2</b>	<b>4,034.6</b>	<b>3,781.3</b>	<b>6.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,962.9	2,296.3	2,673.6	2,453.8	6.9
Contractual Services	589.8	674.9	735.8	702.3	4.1
Other	536.8	587.0	625.2	625.2	6.5
<b>TOTAL USES</b>	<b>3,089.5</b>	<b>3,558.2</b>	<b>4,034.6</b>	<b>3,781.3</b>	<b>6.3</b>
<b>FTE</b>					
Permanent	26.0	26.0	29.0	27.0	3.8
<b>TOTAL FTE</b>	<b>26.0</b>	<b>26.0</b>	<b>29.0</b>	<b>27.0</b>	<b>3.8</b>

**Recommended Language**

Any unexpended balances in program support of the retiree health care authority remaining at the end of fiscal year 2024 from this appropriation shall revert to the healthcare benefits administration program.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of deposits made within 24 hours	100%	100%	100%	100%	100%
Outcome	Percent of payments made within 30 days	99%	98%	98%	98%	98%

**Statutory Authority**

Pursuant to Sections 9-17-1 through 9-17-7 NMSA 1978, the General Services Department (GSD) provides consolidated services to state agencies.

**Mission**

The mission of the General Services Department is to provide quality services to state agencies and local public bodies in a cost efficient manner. These services include purchasing, printing, risk management, health benefits, facilities management, and transportation.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	16,614.3	18,700.6	23,816.8	19,448.6	4.0
Other Transfers	13,791.0	15,118.7	16,429.7	15,964.3	5.6
Other Revenues	429,488.9	537,573.8	567,866.6	482,987.2	(10.2)
Fund Balance	13,235.1	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>473,129.3</b>	<b>571,393.1</b>	<b>608,113.1</b>	<b>518,400.1</b>	<b>(9.3)</b>
<b>USES</b>					
Personal Services and Employee Benefits	21,130.3	24,292.2	28,844.9	25,609.2	5.4
Contractual Services	52,108.7	50,112.6	55,265.4	61,365.4	22.5
Other	444,236.7	481,869.6	507,573.1	415,461.2	(13.8)
Other Financing Uses	13,598.3	15,118.7	16,429.7	15,964.3	5.6
<b>TOTAL USES</b>	<b>531,074.0</b>	<b>571,393.1</b>	<b>608,113.1</b>	<b>518,400.1</b>	<b>(9.3)</b>
<b>FTE</b>					
Permanent	307.0	311.0	346.0	319.0	2.6
Term	9.0	0.0	9.0	0.0	0.0
Temporary	2.0	1.0	3.0	1.0	0.0
<b>TOTAL FTE</b>	<b>318.0</b>	<b>312.0</b>	<b>358.0</b>	<b>320.0</b>	<b>2.6</b>

**At A Glance**

The General Services Department (GSD), funded primarily from service fees, insurance premiums, payroll contributions, and other sources outside the general fund, requested an additional \$36.7 million, or 6.4 percent, over the FY23 operating budget. Of the increased amount, \$26.9 million was an increase in insurance assessment revenue for the Health Benefits Program, despite state agencies being instructed to prepare FY24 operating budgets assuming no health insurance premium rate increase. The request suggests the department is planning for an insurance rate increase, but outside the normal budget process. The agency's request for expenditure authority is nearly \$100 million above projected FY23 premium revenue. GSD will likely face an FY22 audit finding relating to continued overspending from the group health benefits fund.

Excluding the Health Benefits Program, the agency requested \$9.8 million, or 6.5 percent, including \$5 million for Facilities Management Division, an increase of 29 percent that includes 33 additional FTE.

Typically, the Legislature sets expenditure authority for the Health Benefits Program assuming the agency will increase premium rates to reflect the amount needed to pay for employee health benefits. However, the agency has not raised rates since 2019, leading to significant deficits in the employee health benefits fund and multiple requests for general fund appropriations to backfill the deficits. Due to this persistent overspending, the LFC recommends a \$58.4 million base budget reduction for the Health Benefits Program, with budget adjustment authority to increase expenditure authority pursuant to a premium rate increase. Outside of the agency's operating budget, the LFC recommendation includes a special appropriation to the group health benefits fund to resolve existing deficits in the fund.

Excluding the Health Benefits Program, the LFC recommends an increase of \$5.4 million, or 3.6 percent. The LFC recommendation includes an additional \$748 thousand, or 4 percent, from the general fund. The LFC recommendation includes additional security personnel and maintenance funds requested by the agency, as well as increases in Program Support to improve agency operations.



**Budget Issues**

GSD provides a variety of consolidated functions for the state and support services for other governmental entities. The agency manages hundreds of millions of dollars in public works projects, insures hundreds of public entities and tens of thousands of public employees, oversees billions of dollars in contracts for goods and services, and manages millions of square feet of state-owned and leased office space on behalf of most of state government. About 3 percent of the agency's annual appropriation for operations is directly from the general fund, mostly for the oversight of capital improvements and the operation and maintenance of state-owned properties.

**Risk Management.** The Risk Management Division (RMD) assesses premiums on state agencies for liability and property insurance, workers' compensation, and unemployment compensation. The premiums assessed reflect the agency's five-year loss history and exposure to losses by line of coverage. Revenues from risk rate assessments are directed to the separate Risk Management Funds Program. The division is funded with a \$10 million transfer from this program. The cost of premiums is built into agency base budget requests, and GSD has statutory authority to set rates for risk and health benefits insurance. The budget request for Risk Management reflects the anticipated expenditures of the program rather than the expected revenue. Should expenditures requested exceed revenue, RMD will use the appropriate fund balance to cover the difference. This is similar to other insurance providing entities, such as the Public Schools Insurance Authority and the Retiree Health Care Authority.

For RMD operations, GSD requested an overall increase of \$797 thousand, or 8 percent, mostly to increase the division's transfer to Program Support. The request increased the personnel budget by \$121.8 thousand and increased the authorized FTE count from 57 to 60. At the time of budget submission, the division had 52 filled positions. The division is currently without a permanent director and division operations are managed by the agency's general counsel. In the other costs category, the agency requested an additional \$209.8 thousand, including \$150 thousand for new office furniture.

LFC recommends a \$525.2 thousand increase for the program, or 5.3 percent. The recommendation funds the agency request for program transfers and other costs, apart from the new furniture request. RMD had five vacant positions at the time of budget submission and a personnel surplus of approximately \$153 thousand.

For the Risk Management Funds Program, the agency requested an overall increase of \$1.1 million, or 1 percent. The agency notes highly publicized jury verdicts and settlements have increased the state's litigation exposure, and the agency is expecting increased costs for litigation. GSD performance reports indicate the combined financial position of the agency's major risk funds declined from 98 percent in FY21 to 55 percent in FY22. The position of the public liability fund was particularly hit hard, with assets falling from \$63.4 million to \$52.7 million while projected liabilities increased from \$59.5 million to \$75.9 million. Because the department funds claims payments on a trailing five-year basis, this deterioration could indicate agencies will face increased rates in future fiscal years. The LFC recommendation supports the agency's request for expenditure authority but reduces the request for transfer authority to align with the recommendation for the Risk Management Division.

**Employee Group Health Benefits.** GSD provides health benefits for state agencies and participating local government employees and their dependents. Between FY12 and FY21, the number of individuals covered under state health insurance plans fell by more than 20 percent, from 73.6 thousand to 57.5 thousand. Falling membership limits the ability of the plan to take advantage of economies of scale to reduce costs. Additionally, higher costs could lead the plan to experience more adverse selection if employees with low healthcare costs drop off the plan and those members with significant medical issues represent a larger share of program participants.

The program's request, like the RMD funds, is based on anticipated spending in the program rather than revenue raised by the program. The distinction is important because the program has been in a deficit for several years because growth in medical costs outpaced premium revenue increases and the fund balance fell. From FY20 through FY22, the state spent \$94.5 million more on group benefits than it collected in premium revenue.

Despite provisions of state law that prohibit agencies from spending money without sufficient cash to pay the expenses, the group benefits fund has run a deficit for several years. Before a payment may be made, section 6-5-3 NMSA 1978 requires both the state agency and the Department of Finance and Administration (DFA) to determine the payment does not exceed the agency's appropriation and the payment does not exceed the unencumbered balance of funds held by the agency. Further, section 8-6-7 NMSA 1978 states the DFA secretary or the state treasurer may not make payment if they know, or should reasonably know, there is insufficient unexpended and unencumbered balances available. Finally, provisions included each year in the general appropriation act requires the State Budget Division of the DFA to monitor revenue collections by agencies from sources other than the general fund and to reduce the operating budget of an agency when revenue is not meeting projections. To date, none of these provisions have effectively prevented the department from deficit spending from the group health benefits fund.

At the beginning of FY20, the program reported fund balance of \$6 million. By the close of FY22, the program was in a \$65 million deficit and the agency anticipates the deficit will increase to \$95 million by the close of FY23. The deficit occurred even as the Legislature provided the agency with nonrecurring general fund appropriations totaling \$42.6 million to address the shortfall. While the majority of the shortfall is attributable to state agencies, approximately one-third of program participants are local government and university employees. Because the state never required matching contributions to cover the shortfall in health benefits, the state is effectively subsidizing local governments and universities by providing nonrecurring

funding to the benefits programs to pay deficits. Additionally, about half of state agency payments to the program are from other state funds or federal funds and direct general fund subsidies shift liabilities away from these funding sources.

Despite the deficit, GSD did not increase premium rates in FY21, FY22, FY23, or FY24. Additionally, despite the continued deficits, GSD informed state employees in September 2022 of a modest benefits enhancement beginning January 2023, including 25 massage therapy or naprapathy visits at licensed in-network providers. Although GSD anticipates the additional benefits costs will be negligible, the agency has failed to reduce costs when revenue continues to fall far short of expenses.

Performance data from the department show health benefits expenditures in line with expectations and with broader national trends. For FY22, per-member, per-month costs increased by 5 percent, compared with 5.9 percent in FY21 and -2.5 percent in FY20, when costs were limited by reduced utilization during the Covid-19 pandemic. The Kaiser Family Foundation estimates health insurance costs nationally have increased 20 percent since 2017 and an analysis of proposed 2023 increases in 13 states showed healthcare costs increasing by between 4 percent and 8 percent. The state needs to consider additional cost-containment strategies to combat rising healthcare costs. The department has touted the availability of the Stay Well Health Center as a tool to reduce costs, but performance data indicates the center is struggling to have a large impact. In FY22, visits to the center fell to 4,540 from 6,248 in FY21. The number of members designating the center as a primary care provider fell 7 percent, to 486 members.

Prior LFC evaluations have noted the state fails to take advantage of joint purchasing arrangements through the Interagency Benefits Advisory Council and the state's splintered system of providing employee healthcare benefits increases costs and results in uneven treatment of employees. Although the IBAC entities engage in a joint procurement process, each entity, GSD, the Public School Insurance Authority, Albuquerque Public Schools, and the Retiree Health Care Authority, has the ability to contract separately with different providers. As the number of covered lives falls, the state should consider consolidating insurance agencies to allow a combined entity to take advantage of economies of scale.

For FY24, GSD requested expenditure authority of \$448 million in the group health benefits fund. For FY23, the department is projecting a total of \$357 million in health benefits revenue, a deficit of \$91.3 million. The request represents an increase of \$26.9 million, or 6.3 percent. The LFC recommendation adjusts the program's operating budget to reflect actual revenues, ending the practice of providing expenditure authority with the good-faith assumption the agency will increase premiums to reflect the need for program expenditures. However, the LFC recommendation includes language providing the agency with budget adjustment authority for additional revenue from any premium rate increase or resulting from an increase in program membership.

**Facilities Management.** The Facilities Management Program (FMD) oversees occupancy of state-owned buildings, controls all private leases except for the State Land Office, and manages capital projects for most state agencies. Over 900 state-owned facilities totaling 7.1 million square feet of space are in the state inventory, and an additional 386 leases for 3.1 million square feet. Maintenance and janitorial services at state-owned facilities in Santa Fe are provided by FMD.

For FY23, GSD requested an increase of \$5 million, or 29 percent, for FMD. Most of the increase was for personnel costs, for 33 new FTE, to fill authorized but vacant positions, and for targeted pay increases for division project managers to bring pay inline with the private sector. In FY22, the division had a shortfall in personnel costs but, at the time of budget submission, had an estimated \$303 thousand in vacancy savings. Additionally, the agency requested \$1.5 million for additional maintenance, property insurance, and utilities costs.

A recent LFC program evaluation found FMD is not fully exercising its statutory authority to oversee agency's use of state building to achieve maximum efficiency. The evaluation estimated the state pays \$18 million per year for unoccupied office space due to high vacancy rates and continued telework among state employees. The report recommends FMD adjust space utilization standards to reduce unused space and pilot a building use fee schedule to encourage agencies to minimize their facilities footprint.

LFC recommends a general fund increase of \$1.5 million, or 8.8 percent. The recommendation includes an additional \$158 thousand to fill vacant positions, and \$480 thousand to fund the agency's request for security personnel. In addition to the \$158 thousand increase to the base budget, the program's \$303 thousand in vacancy savings could be prioritized for additional custodial and maintenance personnel or to provide targeted pay increases to key staff. The recommendation includes \$1 million in the other costs category for additional insurance, maintenance, and utilities expenses. The recommendation offsets a portion of these increases by discontinuing the transfer to Program Support, freeing the division of an additional expense and reflecting the priority the agency has given to FMD funding. The elimination of this transfer means the recommendation increases funding for division operations by 10 percent over the FY23 operating budget.

**Procurement Services.** The program's core function is purchasing goods and services for executive agencies using competitive bidding processes and administering the Procurement Code. The majority of the budget of the Purchasing Program comes from the Purchasing Division fees fund, though the program has also received an appropriation from the general fund.

Vendors under statewide price agreements pay a portion of the value of the purchase to the purchasing division's fees fund. Fee revenues have steadily increased each year from \$2 million in FY18 to \$3 million in FY21 and \$4.2 million in FY22. The Purchasing Division fees fund had a balance of \$7 million at the close of FY22, up from \$887 thousand in FY18, although about \$1 million of that balance is committed to IT upgrades for the purchasing division.

For FY22, the department requested a \$110.3 thousand, or 4 percent, increase. The budget request increases the use of the Purchasing Division's fees fund by \$214.3 thousand and decreases the division's general fund request by \$104 thousand. The agency requested \$70 thousand for the personal services and employee benefits category, \$22.9 thousand for other costs, and \$16.1 thousand for transfers to Program Support.

Due to the significant and persistent increase in revenue to the purchasing fees fund, the LFC recommendation discontinues general fund transfers for the program and utilizes the increased revenue to fund the division. The LFC recommendation funds the agency's request for other costs but does not include additional funding for personnel due to an estimated \$148 thousand in vacancy savings. The program had nine vacant positions at the time of budget submission. The LFC recommendation also increases the division's transfer to program support.

In October 2021, LFC staff presented an update to two past procurement evaluations that found important recommendations from those evaluations remain unaddressed, including calls for repealing some widely used purchasing exemptions that circumvent competition and adding guardrails to the use of statewide price agreements. The report also found the state is likely overspending as a result of management decisions by agency and State Purchasing staff, including authorizing a growing number of sole source purchases, increasing relying on state price lists for large purchases, failing to act on appropriations from the Legislature to track spending, and not actively monitoring for violations of the Procurement Code. For the 2022 legislative session, LFC endorsed legislation to address these issues, but that bill was determined not to be germane.

**Transportation Services.** The Transportation Services Program is responsible for the state's motor pool, federal and state surplus property, and air transportation. The program manages a fleet of 2,002 vehicles, up 88 vehicles from a year ago. Of that, 425 vehicles have over 100 thousand miles, 43 fewer vehicles than a year ago. The program also maintains the state's single aircraft, used regularly to fly physicians to remote locations and to transport children attending the School for the Blind and Visually Impaired, as well as to transport state officials, officers, and employees.

For FY24, GSD requested a \$1.5 million, or 15.6 percent, increase from the FY23 operating budget for Transportation Services. The requested increase included a \$177.6 thousand, or 32 percent, increase from the general fund and a \$1.4 million, or 14.7 percent, increase from other revenues. Nearly all of the increase was for a 21.5 percent increase in the other costs category, which pays for fleet maintenance and other operational costs. The request includes a 26 percent increase for fuel, 29 percent increase for parts and supplies, and 68 percent increase for insurance. An additional \$48.9 thousand, or 5.9 percent, was requested for personnel.

In recognition of rising cost, the LFC recommendation includes an additional \$1.4 million, or 13.9 percent, but does not include additional general fund transfers. The agency should consider additional user fees to meet program costs. GSD reports the state motorpool fund has a \$4.7 million balance, but \$1.3 million of that is reserved for the purchase of new vehicles to renew the state's fleet.

**State Printing.** The program, which does not receive an appropriation from the general fund, provides centralized printing and graphic design services to government agencies and nonprofit entities on a cost recovery basis. The program collected \$2.3 million in revenue and expended \$2 million for operations in FY22. For FY23, the department requested \$648.2 thousand in increased expenditure authority for FY24, an increase of 31.7 percent, including \$103.1 thousand for personnel costs and a 2 FTE increase in authorized FTE. The LFC recommendation fully funds the agency request.

**Program Support.** Program Support includes the Office of the Secretary and supports financial, human resource functions, and IT systems for the agency. The program is funded by transfers from other programs within GSD, with the largest amount coming from RMD. For FY24, the agency requested an increase of \$514 thousand, or 10 percent. But an increase of \$769 thousand, or 20 percent, for personnel costs was offset by reductions in the contractual services and other costs categories. The agency prioritized increases in program support staff to improve agency financial support, information technology, and other operations.

The LFC recommendation includes an additional \$320.4 thousand, or 6.3 percent. The recommendation has sufficient fund to fill five of 11 vacant positions. LFC analysis shows the program has minimal vacancy savings.

### Base Expansion

The agency's requested expansion of 33 FTE includes seven security positions to provide 24-hour coverage at state facilities in Santa Fe. GSD reports an increase in break-ins, thefts of catalytic converters from state vehicles, and other security issues led to the request for \$480 thousand for six security guards and one supervisor position. Currently the division contracts with a private provider for some security services, but the current contract does not provide around-the-clock coverage. GSD anticipates new FTE would be more efficient than contracting for additional security personnel.

The LFC recommendation includes \$480 thousand for the seven security positions. FMD has been transferring funds from the other cost category to cover contractual services for security companies; eliminating the need for this transfer will provide the division with additional resources for maintenance projects or to cover rising costs of insurance and utilities.

**BASE EXPANSION LISTING  
FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	GSD Facilities Management Division - General Staffing	P608	2,949.0	480.0
<b>TOTAL</b>			<b>2,949.0</b>	<b>480.0</b>

### **PROGRAM SUPPORT**

The purpose of program support is to provide leadership and policy direction, establish department procedures, manage program performance, oversee department human resources and finances and provide IT business solutions.

**BUDGET SUMMARY  
(dollars in thousands)**

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	4,659.9	5,117.2	5,631.2	5,437.6	6.3
<b>TOTAL SOURCES</b>	<b>4,659.9</b>	<b>5,117.2</b>	<b>5,631.2</b>	<b>5,437.6</b>	<b>6.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,094.5	3,696.9	4,466.2	4,272.6	15.6
Contractual Services	573.8	563.5	354.5	354.5	(37.1)
Other	616.5	856.8	810.5	810.5	(5.4)
<b>TOTAL USES</b>	<b>4,284.8</b>	<b>5,117.2</b>	<b>5,631.2</b>	<b>5,437.6</b>	<b>6.3</b>
<b>FTE</b>					
Permanent	39.0	43.0	43.0	43.0	0.0
<b>TOTAL FTE</b>	<b>39.0</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of audit findings resolved from prior fiscal year excluding findings related to fund solvency	0%	90%	90%	90%	90%

### **PROCUREMENT SERVICES**

The purpose of the procurement services program is to provide a procurement process for tangible property for government entities to ensure compliance with the Procurement Code so agencies can perform their missions in an efficient and responsive manner.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	714.3	772.9	668.9	0.0	(100.0)
Other Transfers	15.7	0.0	0.0	0.0	0.0
Other Revenues	4,198.8	1,920.0	2,134.3	2,788.3	45.2
<b>TOTAL SOURCES</b>	<b>4,928.8</b>	<b>2,692.9</b>	<b>2,803.2</b>	<b>2,788.3</b>	<b>3.5</b>
<b>USES</b>					
Personal Services and Employee Benefits	2,108.6	2,399.5	2,470.8	2,399.5	0.0
Contractual Services	38.7	29.0	29.0	29.0	0.0
Other	230.2	190.5	213.4	213.4	12.0
Other Financing Uses	73.9	73.9	90.0	146.4	98.1
<b>TOTAL USES</b>	<b>2,451.4</b>	<b>2,692.9</b>	<b>2,803.2</b>	<b>2,788.3</b>	<b>3.5</b>
<b>FTE</b>					
Permanent	29.0	28.0	28.0	28.0	0.0
Temporary	0.0	1.0	1.0	1.0	0.0
<b>TOTAL FTE</b>	<b>29.0</b>	<b>29.0</b>	<b>29.0</b>	<b>29.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of executive branch agencies with certified procurement officers	95.3%	100.0%	95.0%	90.0%	100.0%
Efficiency	Percent of vendor payments received from sales, as reported as owed by vendors	NEW	80%	90%	80%	90%
* Output	Average number of days for completion of contract review	8.0	4.0	5.0	5.0	5.0
Explanatory	Revenue generated through price list purchases	NEW	\$4,198,796	N/A	N/A	N/A
Efficiency	Procurements completed within targeted timeframes from assignment to award	NEW	89%	80%	80%	80%

**STATE PRINTING SERVICES**

The purpose of the state printing services program is to provide cost-effective printing and publishing services for governmental agencies.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	2,256.6	2,045.4	2,693.6	2,693.6	31.7
<b>TOTAL SOURCES</b>	<b>2,256.6</b>	<b>2,045.4</b>	<b>2,693.6</b>	<b>2,693.6</b>	<b>31.7</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	493.6	589.4	692.5	692.5	17.5
Contractual Services	0.0	60.0	100.0	100.0	66.7
Other	1,461.1	1,338.6	1,841.1	1,841.1	37.5
Other Financing Uses	57.4	57.4	60.0	60.0	4.5
<b>TOTAL USES</b>	<b>2,012.1</b>	<b>2,045.4</b>	<b>2,693.6</b>	<b>2,693.6</b>	<b>31.7</b>
<b>FTE</b>					
Permanent	9.0	9.0	11.0	11.0	22.2
<b>TOTAL FTE</b>	<b>9.0</b>	<b>9.0</b>	<b>11.0</b>	<b>11.0</b>	<b>22.2</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Growth in quarterly sales revenue compared with the previous thirty- or sixty-day legislative session	-11%	0%	10%	10%	10%
Efficiency	Percent of printing jobs delivered on time	100%	100%	99%	99%	99%
* Output	Percent of state printing revenue exceeding expenditures	-1%	21%	4%	0%	4%
Explanatory	Number of targeted customers utilizing the printing digital storefront	0.0	0.0	N/A	N/A	N/A

**RISK MANAGEMENT**

The purpose of the risk management program is to protect the state's assets against property, public liability, workers' compensation, state unemployment compensation, local public bodies unemployment compensation and surety bond losses so agencies can perform their missions in an efficient and responsive manner.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	8,938.4	10,001.5	10,798.5	10,526.7	5.3
<b>TOTAL SOURCES</b>	<b>8,938.4</b>	<b>10,001.5</b>	<b>10,798.5</b>	<b>10,526.7</b>	<b>5.3</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	4,419.2	5,066.0	5,187.8	5,066.0	0.0
Contractual Services	110.9	150.0	190.0	190.0	26.7
Other	299.8	389.7	599.5	449.5	15.3
Other Financing Uses	3,938.5	4,395.8	4,821.2	4,821.2	9.7
<b>TOTAL USES</b>	<b>8,768.4</b>	<b>10,001.5</b>	<b>10,798.5</b>	<b>10,526.7</b>	<b>5.3</b>
<b>FTE</b>					
Permanent	58.0	57.0	58.0	57.0	0.0
Temporary	2.0	0.0	2.0	0.0	0.0
<b>TOTAL FTE</b>	<b>60.0</b>	<b>57.0</b>	<b>60.0</b>	<b>57.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Average cost per workers' compensation claim	\$9,248	\$1,698	N/A	N/A	N/A
Explanatory	Amount of excess insurance recoveries for property claims, in thousands	\$0.0	\$0.0	N/A	N/A	N/A

**EMPLOYEE GROUP HEALTH BENEFITS**

The purpose of the employee group health benefits program is to effectively administer comprehensive health-benefit plans to state and local government employees.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	351,962.0	421,493.3	448,403.8	363,142.2	(13.8)
<b>TOTAL SOURCES</b>	<b>351,962.0</b>	<b>421,493.3</b>	<b>448,403.8</b>	<b>363,142.2</b>	<b>(13.8)</b>
<b>USES</b>					
Contractual Services	29,258.2	23,282.5	24,603.3	30,703.3	31.9
Other	386,273.9	398,210.8	423,800.5	332,438.9	(16.5)
<b>TOTAL USES</b>	<b>415,532.1</b>	<b>421,493.3</b>	<b>448,403.8</b>	<b>363,142.2</b>	<b>(13.8)</b>



## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Percent of eligible state employees purchasing state medical insurance	81%	80%	N/A	N/A	N/A
* Outcome	Percent change in state employee medical premium	0%	0%	5%	5%	5%
* Outcome	Percent change in the average per-member per-month total healthcare cost	6%	5%	5%	5%	5%
Explanatory	Number of visits to the stay well health center	6,248.0	4,540.0	N/A	N/A	N/A
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	NEW	61%	20%	20%	20%
Explanatory	Number of members who designate the stay well health center as their primary care provider	535.0	486.0	N/A	N/A	N/A
Outcome	Percent of state group prescriptions filled with generic drugs within 3% of public-entity-peer rate as reported by pharmacy benefits manager	87%	87%	85%	80%	85%
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	NEW	87%	50%	50%	50%
Explanatory	Rate per one thousand members of emergency department use categorized as non-emergent	22.1	22.6	N/A	N/A	N/A
Explanatory	Percent of available appointments filled at the stay well health center	50%	81%	N/A	N/A	N/A
* Efficiency	Annual loss ratio for the health benefits fund	NEW	118%	98%	98%	98%
* Explanatory	Projected year-end fund balance of the health benefits fund, in thousands	NEW	(\$65,105.0)	N/A	N/A	N/A

**FACILITIES MANAGEMENT**

The purpose of the facilities management division program is to provide employees and the public with effective property management so agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	15,370.7	17,370.9	22,413.5	18,891.8	8.8
Other Transfers	171.1	0.0	0.0	0.0	0.0
Other Revenues	65.6	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>15,607.4</b>	<b>17,370.9</b>	<b>22,413.5</b>	<b>18,891.8</b>	<b>8.8</b>
<b>USES</b>					
Personal Services and Employee Benefits	8,889.9	10,091.8	13,530.1	10,730.0	6.3
Contractual Services	350.9	285.6	286.6	286.6	0.4
Other	5,956.9	6,793.5	8,346.8	7,875.2	15.9
Other Financing Uses	200.0	200.0	250.0	0.0	(100.0)
<b>TOTAL USES</b>	<b>15,397.7</b>	<b>17,370.9</b>	<b>22,413.5</b>	<b>18,891.8</b>	<b>8.8</b>
<b>FTE</b>					
Permanent	140.0	141.0	174.0	148.0	5.0
Term	9.0	0.0	9.0	0.0	0.0
<b>TOTAL FTE</b>	<b>149.0</b>	<b>141.0</b>	<b>183.0</b>	<b>148.0</b>	<b>5.0</b>



## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Total leased square footage	N/A	N/A	N/A	N/A	N/A
Explanatory	Total leased square footage	NEW	0.0	N/A	N/A	N/A
Efficiency	Percent of capital projects completed on schedule	88%	93%	90%	90%	90%
Output	Percent of scheduled preventive maintenance requirements completed on time	48%	59%	90%	80%	90%
* Outcome	Percent of new office space leases achieving adopted space standards	100%	100%	90%	91%	91%
Explanatory	Amount (in dollars) of utility savings as a result of green energy initiatives	\$281,374	\$84,954	N/A	N/A	N/A
Explanatory	Difference between state funding awarded and expended on completed capital projects	97.3%	74.3%	N/A	N/A	N/A
Output	Number of facility condition assessments conducted on an annual basis	1.0	31.0	25.0	22.0	25.0

**TRANSPORTATION SERVICES**

The purpose of the transportation services program is to provide centralized and effective administration of the state's motor pool and aircraft transportation services so agencies can perform their missions in an efficient and responsive manner.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	529.3	556.8	734.4	556.8	0.0
Other Transfers	5.9	0.0	0.0	0.0	0.0
Other Revenues	10,004.1	9,414.4	10,799.6	10,799.6	14.7
<b>TOTAL SOURCES</b>	<b>10,539.3</b>	<b>9,971.2</b>	<b>11,534.0</b>	<b>11,356.4</b>	<b>13.9</b>
<b>USES</b>					
Personal Services and Employee Benefits	2,124.4	2,448.6	2,497.5	2,448.6	0.0
Contractual Services	84.6	202.8	202.0	202.0	(0.4)
Other	6,174.5	6,929.7	8,424.5	8,295.8	19.7
Other Financing Uses	390.1	390.1	410.0	410.0	5.1
<b>TOTAL USES</b>	<b>8,773.6</b>	<b>9,971.2</b>	<b>11,534.0</b>	<b>11,356.4</b>	<b>13.9</b>
<b>FTE</b>					
Permanent	32.0	33.0	32.0	32.0	(3.0)
<b>TOTAL FTE</b>	<b>32.0</b>	<b>33.0</b>	<b>32.0</b>	<b>32.0</b>	<b>(3.0)</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent increase in short term vehicle use	225%	160%	N/A	0%	0%
Efficiency	Average vehicle operation costs per mile	\$0.49	\$0.55	\$0.59	\$0.59	\$0.59
* Outcome	Percent of leased vehicles used 750 miles per month or daily	30%	41%	70%	0%	70%

**RISK MANAGEMENT FUNDS**

The purpose of the risk management funds is to provide public liability, public property and workers' compensation coverage to state agencies and employees.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	61,001.7	102,700.7	103,835.3	103,563.5	0.8
Fund Balance	13,235.1	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>74,236.8</b>	<b>102,700.7</b>	<b>103,835.3</b>	<b>103,563.5</b>	<b>0.8</b>
<b>USES</b>					
Contractual Services	21,691.6	25,539.2	29,500.0	29,500.0	15.5
Other	43,223.8	67,160.0	63,536.8	63,536.8	(5.4)
Other Financing Uses	8,938.4	10,001.5	10,798.5	10,526.7	5.3
<b>TOTAL USES</b>	<b>73,853.8</b>	<b>102,700.7</b>	<b>103,835.3</b>	<b>103,563.5</b>	<b>0.8</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Explanatory	Projected financial position of the public property fund	523%	443%	N/A	N/A	N/A
* Explanatory	Projected financial position of the workers' compensation fund	61%	60%	N/A	N/A	N/A
* Explanatory	Projected financial position of the public liability fund	112%	66%	N/A	N/A	N/A
Efficiency	Annual loss ratio for the public liability fund	NEW	133%	99%	100%	100%
Efficiency	Annual loss ratio for the workers' compensation fund	NEW	103%	99%	100%	100%
Efficiency	Annual loss ratio for the public property fund	NEW	129%	99%	100%	100%

**Statutory Authority**

The Educational Retirement Board (ERB) is responsible for administration of the Educational Retirement Act, Sections 22-11-1 through 22-11-52 NMSA 1978. The board manages the retirement program for employees of public schools, public institutions of higher learning, and select state agencies. The agency is governed by a nine-member board composed of the secretary of public education, the secretary of higher education, and the state treasurer (ex officio), one member each elected by the New Mexico members of the Association of Educational Retirees, the National Education Association of New Mexico, the American Federation of Teachers, and the New Mexico members of the American Association of University Professors, and two additional members appointed by the governor.

**Mission**

The agency's mission is to provide high-quality services and secure retirement benefits to current and future retirees through pension administration functions and management of the fund's assets.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	29,235.1	30,645.2	31,659.5	31,659.5	3.3
<b>TOTAL SOURCES</b>	<b>29,235.1</b>	<b>30,645.2</b>	<b>31,659.5</b>	<b>31,659.5</b>	<b>3.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	7,794.5	8,826.1	9,731.8	9,731.8	10.3
Contractual Services	16,525.6	20,000.0	20,000.0	20,000.0	0.0
Other	1,510.4	1,819.1	1,927.7	1,927.7	6.0
<b>TOTAL USES</b>	<b>25,830.5</b>	<b>30,645.2</b>	<b>31,659.5</b>	<b>31,659.5</b>	<b>3.3</b>
<b>FTE</b>					
Permanent	94.0	90.0	91.0	91.0	1.1
Temporary	2.0	2.0	0.0	0.0	(100.0)
<b>TOTAL FTE</b>	<b>96.0</b>	<b>92.0</b>	<b>91.0</b>	<b>91.0</b>	<b>(1.1)</b>

**At A Glance**

The operating budget of the Educational Retirement Board (ERB) is funded from retirement trust fund revenue. For FY24, ERB requested an overall increase of \$1 million, or 3.3 percent. The majority of the additional funding, \$905.7 thousand, was in the personal services and employee benefits category. The agency added 12 positions, for a total of 92 FTE in FY23, which the agency states is in support of its upcoming transition to a new pension administration system, an estimated \$30.5 million information technology project that will enable the agency to improve administrative efficiency. In light of the significant challenge of implementing the new pension administration system while maintaining operations under the old system, the LFC recommendation supports the agency's request.

**Budget Issues**

ERB does not receive a general fund appropriation and all of its operations are funded through use of retirement trust fund dollars; all unexpended funds appropriated for ERB operations revert to the trust fund. In FY19, the agency spent \$5.8 million on personnel, this increased to \$7.8 million in FY22. The agency currently has 92 authorized FTE, of which 8, or 9.7 percent, were vacant at the time of budget submission. The agency had 17 more filled positions at the time of budget submission than a year earlier. LFC analysis shows that, at the time of budget request submission, ERB had personnel costs of \$9.1 million and an FY22 operating budget of \$8.8 million, resulting in a personnel funding deficit of \$234 thousand in FY23. ERB staff anticipate submitting a budget adjustment request to resolve the deficit in the current fiscal year.

The agency requested \$20 million in contractual services, flat with the FY23 operating budget. ERB currently has an unassigned surplus of \$1.6 million, which allows the agency flexibility to enter contracts with different investment managers if necessary. ERB pays money managers fees in addition to profit sharing. Most investment fees and profit sharing are paid out of invested funds and do not appear in the operating budget. Typically, ERB pays fees out of the invested amount for funds where ERB holds a partial interest, whether a limited partnership or other comingled account structure. For separately managed accounts, where ERB is the sole participant in the fund, fees appear in the operating budget. In FY22, ERB paid fees and profit sharing totaling \$182.4 million, of which approximately \$9 million were fixed fees in the contractual services category. In the other category, the agency

requested a \$108.6 thousand, or 6 percent, increase for subscription costs and to pay increased rent costs while the agency constructs a new, larger facility. ERB expects to break ground on the new facility in 2023.

**Pension Administration System.** ERB has requested \$30.5 million in funding through the Department of Information Technology's computer systems enhancement process. Funding for the project would come from the educational retirement fund but is not reflected in the agency's operating budget request. Nevertheless, the agency expects the implementation of the new system to have an operating budget impact, largely through additional FTE needed to implement the project while maintaining normal operations with the current system. The current system, implemented in 2014, is nearing the end of its maintenance support.

**Asset Management.** For FY22, ERB returned 1 percent in a challenging market environment, among the best performing public pension funds in the nation. Longer term, the agency is exceeding the long-term return target of 7 percent; returning 8.8 percent over three years, 8.4 percent over five years, and 8.5 percent over 10 years. ERB had the best returns among the state's investment agencies, including the Public Employees Retirement Association and the State Investment Council. Since FY19, ERB fund has ranked in the top half of investment funds; for FY22 the agency's performance was in the top 5 percent of funds. The fund finished the fiscal year with a balance of \$15.5 billion, a decrease of \$300 million from the prior year.

ERB has steadily increased personnel spending as the agency works to reduce dependence on contract investment managers. The fund's current investment policy sets a target weight of 31 percent in public market equities, which the policy argues offers limited opportunity for active managers to add value. The fund's most recent asset allocation study was completed in 2019, though a new study is scheduled to be presented to the board in December.

**Sustainability.** In FY21, contributions from 59 thousand active members and their employers totaled \$783 million, while \$1.2 billion was paid out to 53 thousand beneficiaries. For FY21, ERB reported it had \$7 billion, or 63 percent of the assets it needed to fund all benefits earned up to that point. The plan's actuaries estimate it would need \$23.4 billion to be fully funded. Though the plan struggled with low market returns in FY22 due to a challenging investing environment, recently enacted employer contribution rate increases will help stabilize the fund. The fund's actuarial position as of FY22 is not currently available.

Legislative changes since 2013 have addressed the long-term stability of the plan, which as recently as FY21 was projected to never be able to pay all promised benefits. The Legislature passed multiple pension solvency measures to improve the financial positions of the fund, including two recent laws to increase employer contribution rates to the fund by a total of 4 percentage points. Earlier laws reduced plan benefits and limited annual cost-of-living adjustments based on the plan's funded ratio. For FY22, disability retirees received a COLA of 2.3 percent (one half of the consumer price index increase between 2020 and 2021), those with 25 years of service and an annual benefit of less than \$20,446 received a COLA of 2.07 percent (90 percent of one half of the CPI increase), and all other retirees received a COLA of 1.84 percent (80 percent of one half of the CPI increase). The full COLA, before solvency adjustments, is capped at 4 percent, with a minimum of 2 percent. Reductions to the COLA will end when the plans funded status reaches 90 percent. A recent report from ERB's actuaries estimated that, at current contribution rates and assumptions, the fund will cross the 90 percent threshold in 2047 and be fully funded in 2054. Without the legislative reforms over the past decade, the fund would be on a road to insolvency, with only 20 percent of the assets needed to pay liabilities by 2054.

## **EDUCATIONAL RETIREMENT FUND**

The purpose of the educational retirement program is to provide secure retirement benefits to active and retired members so they can have secure monthly benefits when their careers are finished.

### **Recommended Language**

The other state funds appropriation to the educational retirement board in the personal services and employee benefits category includes sufficient funds for the educational retirement board to grant targeted pay increases and provide competitive salaries for investment staff.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Average rate of net return over the last five years	10.62%	8.40%	7.00%	7.00%	7.00%
* Outcome	Funding period of unfunded actuarial accrued liability, in years	29.0	42.0	30.0	30.0	30.0
Outcome	Average rate of net return over the last ten years	8.61%	8.50%	7.00%	7.00%	7.00%
Explanatory	Five-year annualized investment returns to meet or exceed board approved reference portfolio benchmark, in basis points	6.0	90.0	N/A	N/A	N/A
Quality	Percent of member satisfaction with seminars and trainings	88%	79%	95%	0%	0%
Explanatory	Ten-year annualized investment returns to meet or exceed board approved reference portfolio benchmark, in basis points	34.0	80.0	N/A	N/A	N/A
* Explanatory	Ten-year performance ranking in a national peer survey of public plans	34%	9%	N/A	N/A	N/A
Explanatory	Five-year performance ranking in a national peer survey of public plans	45%	7%	N/A	N/A	N/A

**Statutory Authority**

The New Mexico Sentencing Commission operates under Section 9-3-10 NMSA 1978. Section 9-3-13 NMSA 1978 creates a Sex Offender Management Board within the commission. The commission is made up of 27 members and includes representatives from the executive and judicial branches; public members appointed by the executive, legislative, and judicial branches; the dean of the University of New Mexico School of Law; a county sheriff appointed by the executive director of New Mexico Counties; a public member who is Native American and a practicing attorney; and a public member who represents a victims' organization.

**Mission**

The central duties of the commission include serving as a clearinghouse for criminal justice data provided by other state agencies, providing unbiased research on criminal justice issues on an ad hoc basis, and analyzing criminal justice legislation to inform the Legislature, executive agencies, and the public.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,188.6	1,388.6	3,388.6	1,438.6	3.6
Other Transfers	30.0	52.0	52.0	52.0	0.0
<b>TOTAL SOURCES</b>	<b>1,218.6</b>	<b>1,440.6</b>	<b>3,440.6</b>	<b>1,490.6</b>	<b>3.5</b>
<b>USES</b>					
Contractual Services	1,030.5	1,107.6	1,104.7	1,154.7	4.3
Other	179.9	333.0	2,335.9	335.9	0.9
<b>TOTAL USES</b>	<b>1,210.4</b>	<b>1,440.6</b>	<b>3,440.6</b>	<b>1,490.6</b>	<b>3.5</b>

**At A Glance**

The Sentencing Commission requested an increase in general fund appropriations for FY24 of \$2 million, or 144 percent, compared with its FY23 operating budget, for a total budget request of about \$3.4 million. The entirety of the increase was intended for crime reduction grants, for which it received a \$2 million nonrecurring appropriation in the 2022 General Appropriation Act. The LFC recommendation does not support the request for additional grant funds but increases the commission's budget by \$50 thousand, or 3.5 percent, to support evaluation of the impact and effectiveness of grant-supported projects.

**Budget Issues**

The Sentencing Commission (NMSC) has no FTE because its eight full- and part-time staff members are employees of the University of New Mexico (UNM). The agency contracts with UNM for fiscal services, paying a 9 percent administrative fee on those services, and supplements staff research with help from students. Other NMSC expenses, including rate payments to the General Services Department and the commission's grant program, are not subject to this fee. This structure limits transparency into the agency's budget, as almost all its operational funds are budgeted through its contract with UNM. Overall, this contract accounted for 73 percent of NMSC's actual expenditures in FY22 and comprises 58 percent of its overall FY23 operating budget.

In FY22, the commission completed 12 research projects and published seven reports. The commission produces annual studies on prison population and earned meritorious deduction (the time served in prisons). NMSC also calculates the reimbursement for county jails housing felony offenders each year. Other studies related to the criminal justice system are performed as needed or by request. In FY22, the commission published a policy brief reviewing evidence-based initiatives to reduce street violence.

Data collection occurs in silos among criminal justice partners in New Mexico, including law enforcement agencies, detention facilities, probation and parole agencies, courts, prosecutors, public defenders, diversion programs, health departments, emergency responders, and others. Connecting data so these entities can access relevant information would increase efficiency, reduce redundancy, minimize data errors, and allow for program evaluation and performance management. Laws 2019, Chapter 192, (House Bill 267) sought to assist agencies in connecting this data by requiring NMSC create a criminal justice data-sharing network, creating criminal justice coordinating councils in each judicial district, and establishing the Crime Reduction Grant Act.

**Crime Reduction Grants.** Under Chapter 192, the crime reduction grant program could be used to support evidence-based treatment and supervision alternatives to incarceration, preprosecution diversion programs, specialty court programs, and pretrial services. However, Laws 2022, Chapter 56, (House Bill 68) expanded the allowable uses of the grants to better deploy those funds in support of criminal justice partner cooperation, including improving coordination between law enforcement and other criminal justice partners, establishing law enforcement crisis intervention teams, coordinating access to housing for individuals reentering the community from prison, supporting data-driven policing, providing staff to support criminal justice coordinating councils, and recruiting and retaining law enforcement officers, prosecutors, public defenders, corrections officers, and mental health workers. Improved data integration among criminal justice partners is crucial to achieving many of these goals.

In FY20, the commission received \$178.5 thousand in recurring funds and \$218.5 thousand in nonrecurring funds for crime reduction grants to support the goals of Chapter 192. NMSC established a competitive program for crime reduction grants in FY20 and awarded \$377.2 thousand for eight projects covering 11 judicial districts. In both FY21 and FY22, the commission had only \$178.5 thousand available for its grants each year and awarded all funds, supporting a total of nine projects across five judicial districts. In FY23, the agency received a recurring increase of \$150 thousand for these grants and a \$2 million nonrecurring appropriation tied to expanding the grants' allowable uses in Chapter 56. With these expanded funds, the commission awarded 21 grants totaling \$1.8 million over nine judicial districts, and plans to hold an additional grant cycle in the fall for projects to apply for half-year funding. FY23 awards cover a range of areas, including staffing, court and pretrial services, training, diversion, and reentry. The largest grant, of \$330 thousand, was awarded to the 2nd Judicial District Attorney's Office for its diversion programs, while \$304.5 thousand was provided to the 1st Judicial District to aid in recruitment and retention of prosecutors and public defenders.

For FY24, NMSC requested an increase of \$2 million in recurring general fund appropriations for the crime reduction grants, continuing funding at the level available in FY23 and enabling the agency to consider larger and more ambitious projects. LFC supports the goals of the crime reduction grant program, but the impact of prior awards has not yet been evaluated, and the committee does not support such an increase in recurring funding for the program at this time. Until these grants are shown to be effective, it may be more prudent to provide additional nonrecurring funds in FY24 while clarifying the commission's duty to evaluate grant effectiveness. The recommendation includes an increase of \$50 thousand to support the evaluation of the grants, and recommends language clarifying the allowable uses of grant funds to include data integration among criminal justice partners.

**Data Governance and Integration.** In FY20, the commission received a \$510 thousand recurring general fund appropriation for criminal justice data governance and began working with the Institute for Complex Additive Systems Analysis (ICASA) at the New Mexico Institute of Mining and Technology to establish and implement a single identification (SID) number for individuals arrested in the state that can be tracked across divergent criminal-justice-related datasets, a key step in creating an effective governance structure for this data. ICASA deployed a SID database that is updated daily, and NMSC and ICASA have been working with the Administrative Office of the Courts (AOC) and the Administrative Office of the District Attorneys to integrate that data into their records and processes since the end of FY21. As the SID is more widely integrated, it will improve coordination and cooperation among criminal justice partners through increased data sharing and support research on justice-involved individuals as they move through the criminal justice system. To demonstrate the utility of such integration and encourage uptake, NMSC and ICASA began a pilot project with the 1st Judicial District Attorney's Office in FY22 to explore the operational use of the data, including developing an application tailored to that office's case intake process, which extracts an individual's arrest records and associated hearing, disposition, and warrant information from AOC's DataXchange. For FY23, the commission received a \$50 thousand recurring increase for its data governance and integration efforts.

**Legislative Initiatives.** The Legislature appropriated \$500 thousand in consumer settlement fund balances to NMSC for FY21 and FY22 to rewrite the state's Criminal Code and other criminal statutes. In 2021, the commission formed a Criminal Code Update Committee to begin this work focusing on sentencing structure, mens rea (criminal intent), behavioral health issues as they impact the criminal justice system, race and ethnicity data, and child abuse, homicide, and criminal sexual penetration statutes. The 2022 General Appropriation Act extended this appropriation through FY23 to allow the commission time to complete its work, and the commission plans to endorse legislation related to this update in advance of the 2024 legislative session. NMSC also plans to request the appropriation be extended another year.

In advance of the 2023 legislative session, the commission is reconsidering legislation related to medical and geriatric parole and fines and fees with some potential minor changes from versions proposed in 2022, which were ultimately unsuccessful. The commission is also reviewing proposed legislation to remove the incarceration penalty from the default Traffic Code penalty; revise the Crime Reduction Grant Act to expand allowable uses of grants to include data integration, create a nonreverting fund for grants, and clarify NMSC's ability to use a percentage of the funds to administer the act; move the Sex Offender Management Board to the Corrections Department; and strengthen statutory language around data collection for NMSC and the Legislature.

## **NEW MEXICO SENTENCING COMMISSION**

The purpose of the New Mexico sentencing commission is to provide information, analysis, recommendations and assistance from a coordinated cross-agency perspective to the three branches of government and interested citizens so they have the resources they need to make policy decisions that benefit the criminal and juvenile justice systems.

**Recommended Language**

The general fund appropriation to the New Mexico sentencing commission in the other category includes three hundred twenty-eight thousand five hundred dollars (\$328,500) for crime reduction grants, including grants supporting improved data integration among criminal justice partners.

**PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Output	Percent of criminal justice bills analyzed for a legislative session	100%	100%	100%	100%	100%
Output	Number of research projects completed	10.0	12.0	10.0	10.0	10.0
Explanatory	Number of crime reduction grants awarded	5.0	4.0	N/A	N/A	N/A
Explanatory	Total amount of funding awarded for crime reduction grants	\$178,500	\$178,500	N/A	N/A	N/A
Output	Number of presentations to the legislature on recommended criminal and juvenile justice system reforms the commission determines would improve those systems	2.0	3.0	2.0	2.0	2.0
Explanatory	Percent of awarded crime reduction grant funding reverted	6.00%	1.00%	N/A	N/A	N/A
Output	Number of commission and subcommittee meetings held	31.0	24.0	15.0	15.0	20.0
Output	Number of presentations to the legislature on proposed sentencing reforms	2.0	3.0	1.0	1.0	2.0
Output	Percent of statutorily-mandated meetings of the sex offender management board held	0%	0%	100%	100%	100%
Output	Percentage of statutorily-mandated research projects completed	100%	100%	100%	100%	100%
Outcome	Percent of crime reduction grants that fully complete the scope of work outlined in the grant agreement	90%	99%	90%	85%	90%



**Statutory Authority**

The Office of the Governor is created under Article V, Section 1, of the New Mexico Constitution.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	4,561.7	5,434.0	5,494.2	5,494.2	1.1
Other Transfers	71.6	0.0	0.0	0.0	0.0
Other Revenues	0.5	0.0	0.0	0.0	0.0
Fund Balance	50.0	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>4,683.8</b>	<b>5,434.0</b>	<b>5,494.2</b>	<b>5,494.2</b>	<b>1.1</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,494.5	4,840.6	4,900.8	4,900.8	1.2
Contractual Services	57.1	86.0	86.0	86.0	0.0
Other	317.4	507.4	507.4	507.4	0.0
<b>TOTAL USES</b>	<b>3,869.0</b>	<b>5,434.0</b>	<b>5,494.2</b>	<b>5,494.2</b>	<b>1.1</b>
<b>FTE</b>					
Permanent	35.0	35.0	35.0	35.0	0.0
Temporary	2.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>37.0</b>	<b>35.0</b>	<b>35.0</b>	<b>35.0</b>	<b>0.0</b>

**At A Glance**

The Office of the Governor requested a general fund budget of nearly \$5.5 million for FY24, a 1.1 percent increase compared with the FY23 operating budget. The request included an increase of \$60.2 thousand to fund a slight personnel risk rate increase. The office requested a flat budget for contracts and other costs, including \$96 thousand for the governor's contingency fund. The committee recommendation fully funds the request.

In FY22, the office spent \$25.1 thousand from the governor's contingency fund, including approximately \$16.5 thousand on food and beverage, \$3,700 on household supplies, and \$4,900 on other items. The contingency fund was created by legislation in 2018 (Laws 2018, Chapter 27). The fund is subject to the Audit Act, the Inspection of Public Records Act, and the Procurement Code. The office must provide detailed monthly reports on the fund's expenditures to LFC and DFA.

For FY22, the office met or exceeded all performance measure targets, including constituent service cases closed, days to post public meetings on the office's website, and days to post executive orders.

**GOVERNOR - OPERATIONS**

The purpose of the executive management and leadership program is to provide appropriate management and leadership to the executive branch of government to allow for a more efficient and effective operation of the agencies within that branch of government on behalf of the citizens of the state.

## PERFORMANCE MEASURES

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Outcome	Percent of constituent service cases closed within thirty days of initial receipt	92%	99%	94%	95%	95%
Output	Number of business days to process extraditions	10.0	10.0	10.0	10.0	10.0
Output	Number of business days to post videos of public meetings recorded by the governor's office on <a href="http://www.governor.state.nm.us">www.governor.state.nm.us</a>	2.0	2.0	2.0	2.0	2.0
Output	Number of business days to acknowledge receipt and determine eligibility for consideration of pardon request	10.0	10.0	10.0	10.0	10.0
Output	Number of business days to post executive orders to the governor's website after being signed by the governor and secretary of state	1.0	1.0	1.0	1.0	1.0

**Statutory Authority**

Article V, Section 1, of the New Mexico Constitution creates the Office of the Lieutenant Governor and establishes the person serving as lieutenant governor as president of the New Mexico Senate. Section 8-3-1 NMSA 1978 establishes the lieutenant governor as state ombudsman.

**Mission**

The mission of the Office of the Lieutenant Governor is to fulfill the constitutional duties of president of the Senate and serve as ombudsman and acting governor when the governor is out of state.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	578.7	615.4	639.1	639.1	3.9
Other Transfers	9.4	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>588.1</b>	<b>615.4</b>	<b>639.1</b>	<b>639.1</b>	<b>3.9</b>
<b>USES</b>					
Personal Services and Employee Benefits	461.6	486.2	509.9	509.9	4.9
Contractual Services	10.0	36.9	36.9	36.9	0.0
Other	64.2	92.3	92.3	92.3	0.0
<b>TOTAL USES</b>	<b>535.8</b>	<b>615.4</b>	<b>639.1</b>	<b>639.1</b>	<b>3.9</b>
<b>FTE</b>					
Permanent	6.0	6.0	6.0	6.0	0.0
<b>TOTAL FTE</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>0.0</b>

**At A Glance**

The Office of the Lieutenant Governor requested a general fund revenue increase of \$23.7 thousand, or 3.9 percent, for FY24. The requested increase is to support slight pay increases to staff salaries and employee benefits for staff retention. The requests for contractual services and other costs are flat for FY24. The committee recommendation supports the request.

The office met all FY22 performance measure targets for constituent service files closed, days in session and presided over, and public forums held. The lieutenant governor hosted 24 town hall meetings, virtual office hour sessions, and other meetings and forums in FY22. The lieutenant governor also serves on the Board of Finance, Mortgage Finance Authority, and other commissions and councils.

**LIEUTENANT GOVERNOR OPERATING**

The purpose of the state ombudsman program is to facilitate and promote cooperation and understanding between the citizens of New Mexico and the agencies of state government, refer any complaints or special problems citizens may have to the proper entities, keep records of activities and submit an annual report to the governor.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of constituent service files closed within 30 days	96%	99%	95%	95%	95%
Output	Number of townhall meetings, economic forums, or task forces the lieutenant governor has participated in	31.0	24.0	10.0	15.0	15.0
Output	Percent of days in session and presided over (gavel down)	100%	74%	95%	95%	95%

**Statutory Authority**

The Department of Information Technology (DoIT) is authorized pursuant to Section 9-27-1 through 9-27-10 NMSA 1978 (DoIT act) as a single, unified executive branch department intended to streamline and improve state information technology systems. DoIT administers all laws and exercises all functions formerly administered by the Office of the Chief Information Officer and the Information Technology Commission pursuant to the Information Technology Management Act, as well as those formerly administered by the Communications Division, Information Systems Division, Radio Communications Bureau, and Telecommunications Bureau of the General Services Department. The department consists of three authorized programs: Program Support, Compliance and Project Management, and Enterprise Services. In addition, the department administers the equipment replacement fund, a program funded through internal transfers, which it uses to replace or upgrade equipment and software. Subsequently, the department was approved in 2021 to add a fifth authorized program, the Office of Broadband Access and Expansion, administratively attached to DoIT.

The act establishes a rate committee consisting of seven executive agency members: five appointed by the governor and two designated by statute—the secretary of the Department of Finance and Administration, the statutorily designated chair, and the secretary of DoIT. The committee reviews the rate and fee schedule proposed by DoIT and submits a recommendation by July 15 of each year for the following fiscal year budget cycle.

**Mission**

The mission of the Department of Information Technology is to provide cost-effective and efficient enterprise products, services, and solutions within a secure and reliable environment for its customers through leadership, strategic planning, standards and policy, architecture, and oversight.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,794.1	2,466.8	7,966.8	7,966.8	223.0
Other Transfers	25,601.8	8,134.5	9,458.0	9,458.0	16.3
Federal Revenues	164.3	0.0	0.0	0.0	0.0
Other Revenues	68,027.4	64,672.4	65,565.3	65,565.3	1.4
Fund Balance	0.0	2,419.8	3,681.6	3,681.6	52.1
<b>TOTAL SOURCES</b>	<b>95,587.6</b>	<b>77,693.5</b>	<b>86,671.7</b>	<b>86,671.7</b>	<b>11.6</b>
<b>USES</b>					
Personal Services and Employee Benefits	14,410.3	17,775.6	18,275.6	18,275.6	2.8
Contractual Services	5,043.2	6,779.9	8,779.9	8,779.9	29.5
Other	39,003.9	45,003.5	50,158.2	50,158.2	11.5
Other Financing Uses	25,591.3	8,134.5	9,458.0	9,458.0	16.3
<b>TOTAL USES</b>	<b>84,048.7</b>	<b>77,693.5</b>	<b>86,671.7</b>	<b>86,671.7</b>	<b>11.6</b>
<b>FTE</b>					
Permanent	166.0	171.5	177.0	177.0	3.2
<b>TOTAL FTE</b>	<b>166.0</b>	<b>171.5</b>	<b>177.0</b>	<b>177.0</b>	<b>3.2</b>

**At A Glance**

The Department of Information Technology's (DoIT) base budget request for FY24 totaled nearly \$86.7 million from all funds, 11.6 percent above the FY23 operating budget. The request for general fund revenue totaled nearly \$8 million, a \$5.5 million, or 223 percent, increase from the FY23 operating budget. Of the general fund revenue increase, \$500 thousand is for the new Office of Broadband Access and Expansion (OBAE) and \$5 million is for cybersecurity services. The LFC recommendation supports the requested increases, with some recommended contingencies for cybersecurity funding, as well as the agency request for the equipment replacement fund, totaling \$12.7 million. DoIT currently has a funded vacancy rate of 10 percent.

**Budget Issues**

**Program Support.** The agency requested a flat budget for Program Support, including nearly \$4 million in other revenues. However, the agency requested to swap \$274.1 thousand from other revenues to fund balances, which the committee recommendation supports.

**Enterprise Services.** DoIT's request estimated \$60.5 million in enterprise revenue for FY24, an increase of \$1.3 million (2.2 percent) compared with FY23. DoIT proposed new optional service offerings for FY23, including Kiteworks, a secure file sharing service (\$17.25 monthly cost per user), and a virtual private network (VPN) access fee for secure remote employee access (\$12.25 per month per user). DoIT estimates 800 users of Kiteworks and 900 users of VPN in the first year. For FY23, the rate committee also approved DoIT to add a miscellaneous rate code for each service category to allow agencies to obtain better pricing through DoIT for one-off licenses or services, such as Microsoft Projects. This would allow DoIT to achieve economies of scale and collect an administrative fee for provision of these services, while agencies would receive better pricing. For FY24, overall rates for information technology and telecommunications services increased by an average of 4.8 percent. Rates will increase slightly for active directory and file server services, data center services, Adobe, Victim Identification and Notification Everyday (VINE) services, and some telephone services. Rates decreased for most cloud services, wireless local area network services, and voicemail services. Most rates increased by \$5 or less except VINE services, which increased by \$2,000 after renegotiation of the sole source contract. The SHARE subscription cost decreased from \$360 to \$328 per FTE. Therefore, DoIT's request estimated FY24 subscription fees for state agency use of the statewide SHARE financial management system would total \$8.8 million, a 5.3 percent decrease from FY23 revenue.

The \$1.3 million increase for the Enterprise Services Program is all from other revenues in the other financing uses category for the equipment replacement fund. DoIT requested a flat budget for personnel and contracts, which the committee recommendation supports. The agency also requested to reduce the total FTE count for the program by 2 FTE and transfer those FTE to other programs at the department. DoIT proposed to transfer 1.5 FTE back to the Compliance and Project Management Program, which lost the FTE in FY23 to the Office of Broadband Access and Expansion, and the other 0.5 FTE will be transferred to the Office of Broadband Access and Expansion.

**Compliance and Project Management.** DoIT's Compliance and Project Management Program provides guidance and oversight to state agencies and provides support to the Project Certification Committee, the entity responsible for reviewing and approving phased funding for agency IT projects. DoIT reviewed 29 business cases and IT funding requests from 18 state agencies for the FY24 funding recommendation. The requests totaled \$107.2 million from the general fund, \$31.3 million from other state funds, and \$78.5 million from federal funds.

For FY24, DoIT requested to reinstate 1.5 FTE to the program that were repurposed to the Office of Broadband Access and Expansion in FY23. The committee recommendation supports the request but maintains a flat personnel budget compared with FY23 because the positions are being transferred from the Enterprise Services Program. The agency's request for the program also included a \$5 million increase in general fund revenues for cybersecurity services but otherwise reflected a flat budget relative to FY23. During the 2022 interim, a subgroup of LFC met to determine the need for recurring funding for cybersecurity. The LFC recommendation supports the requested increase to support contractual and other cybersecurity services to state agencies and, eventually, to higher and public education institutions and local governments. However, \$4.8 million of the general fund appropriation is intended to support enterprise cybersecurity services for state agencies, such as risk assessments, so the department should propose and implement an enterprise rate structure for providing cybersecurity services in future years, which would allow DoIT to support state agencies while achieving a sufficient level of cost recovery for services rendered. Currently, DoIT provides cybersecurity services, such as vulnerability scanning, at no cost to agencies. In addition, DoIT anticipates using some of the funding as a state match to receive federal State and Local Cybersecurity Grant Program funds. Therefore, because the federal grant amount was not requested as federal revenues within the agency FY24 operating budget, if received, the grant funding may be duplicative of existing recurring appropriations for cybersecurity included in the FY24 operating budget. The recurring general fund revenue amount may need to be right-sized in future years to reflect new federal investments.

Since 2018, the Legislature appropriated \$7 million to DoIT for the cybersecurity upgrade project, intended to improve the state's cybersecurity practices. In FY22 and FY23, DoIT received \$1 million in general fund revenues to support operational cybersecurity services, and the agency included this \$1 million in its FY24 base budget request, which the LFC recommendation supports. DoIT initiated an enterprise cybersecurity scanning pilot to provide security scanning and reporting capabilities to state agencies. At the end of FY22, 67 executive agencies and two nonexecutive agencies are participating at no cost to the receiving agencies. Funding requested for the program would support and expand the scanning program, would help implement a security operations center—a best practice for central monitoring and remediation of cyber threats—and would provide for additional cybersecurity services to state agencies, such as firewall prevention, cybersecurity awareness training, and additional risk assessment services. In addition, the agency requested \$15 million in nonrecurring appropriations to support cybersecurity services within the department. The committee recommendation partially supports the request, intended to expand those services currently provided to state agencies to areas of higher education and public education. DoIT exceeded its performance measure target for performing vulnerability scanning on a quarterly basis, and for FY23, the department continues monthly, rather than quarterly, scanning for the participating agencies.

**Office of Broadband Access and Expansion.** Laws 2021, Chapter 120, (House Bill 10) established the Office of Broadband Access and Expansion (OBAE), administratively attached to DoIT, to better coordinate broadband efforts among different entities. For FY23, DoIT received \$813 thousand in general fund revenues for the program, including funding to support 5.5 authorized FTE, of which 1.5 funded vacant FTE were repurposed from the Compliance and Project Management Program to the office. The total request for FY24 totaled \$1.3 million in general fund revenues, an increase of \$500 thousand to position the office to take advantage of new federal grant opportunities, manage and administer existing funds, and foster collaboration with other stakeholders. The agency requested to transfer 0.5 FTE from the Enterprise Services Program to the office to make the program's FTE count whole. In addition, the entirety of the \$500 thousand requested increase is in the personal services and employee benefits category to support

an additional 5 FTE, for a total of 11 FTE requested for FY24. The additional positions will be filled as temporary or term positions until approved by the Legislature so the office can use the support and assistance with infrastructure planning and deployment.

In addition to the new requested FTE, the agency intends to fund five additional positions using 5 percent of its \$123 million federal American Rescue Plan Act appropriation to support grants management and federal fund tracking for broadband within the office. However, although federal appropriations generally include provisions allowing a certain percentage for administration costs, the \$123 million was appropriated from the appropriation contingency fund and the language did not include provisions for funding personnel; the appropriation was intended to support broadband infrastructure and alternative broadband projects statewide. The request for contractual services (\$125 thousand) and other costs (\$79.3 thousand) remains flat. Because the agency has made progress in hiring—filling all of the 5 authorized FTE as of November 2022—the LFC recommendation fully funds the request for additional personnel, as well as the requested contractual and other costs for the office.

In total, the state has seen an investment of nearly \$300 million in state and federal funds for broadband expansion and planning efforts at state agencies, including \$100 million appropriated into the connect New Mexico fund, and more is expected. Of \$248 million appropriated to DoIT, OBAE, and the connect New Mexico fund, spending totals \$13.9 million, or 5.6 percent of total appropriations. Of \$16 million appropriated to other agencies, spending totals \$17.9 million. Combined, the state has seen total spending of \$31.8 million, or 11.3 percent.

**Equipment Replacement Fund.** For FY24, DoIT requested \$12.7 million in expenditures from the Equipment Replacement Fund (ERF), including \$9.5 million from enterprise services funds and \$3.2 million from revenue from SHARE service fees. The department records amounts due to the ERF each year based on calculated depreciation. Fund transfers are made from the operating funds each year equal to the recorded amounts due. For FY24, the request included revenue transfers equal to the reported actual FY22 depreciation costs, \$9.4 million, and \$3.3 million from fund balance. DoIT's FY24 equipment replacement plan outlines priorities for IT expenditures from the ERF. The agency's request for the enterprise ERF includes \$4.6 million for the public safety radio upgrade project, \$3 million to refresh wide area network communications equipment with fiber backbone, and \$1.4 million for voice infrastructure replacements. The request for the SHARE ERF includes \$1 million for SHARE improvements, \$1.4 thousand for module expansions, and \$800 thousand for hardware and software. The LFC recommendation supports DoIT's ERF plan and requests for ERF funding in FY24.

ERFs provide the department with a funding mechanism for replacing state IT infrastructure by including depreciation costs in the rates DoIT charges agencies. The ERF plan provides increased accountability and transparency for DoIT's IT investments. By law, the ERFs must be spent according to equipment replacement plans. DoIT is still in the process of developing an ERF operational plan following a May 2021 LFC evaluation of the fund. According to DoIT, the plan will define management and oversight processes for the ERF to ensure best practices and transparency.

## PROGRAM SUPPORT

The purpose of program support is to provide management and ensure cost recovery and allocation services through leadership, policies, procedures and administrative support for the department.

### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	173.1	0.0	0.0	0.0	0.0
Other Revenues	3,250.2	4,191.6	3,917.5	3,917.5	(6.5)
Fund Balance	0.0	0.0	274.1	274.1	0.0
<b>TOTAL SOURCES</b>	<b>3,423.3</b>	<b>4,191.6</b>	<b>4,191.6</b>	<b>4,191.6</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,149.3	3,839.9	3,839.9	3,839.9	0.0
Contractual Services	31.6	46.0	46.0	46.0	0.0
Other	243.4	305.7	305.7	305.7	0.0
<b>TOTAL USES</b>	<b>3,424.3</b>	<b>4,191.6</b>	<b>4,191.6</b>	<b>4,191.6</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	35.0	36.0	36.0	36.0	0.0
<b>TOTAL FTE</b>	<b>35.0</b>	<b>36.0</b>	<b>36.0</b>	<b>36.0</b>	<b>0.0</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Output	Percent difference between enterprise service revenues and expenditures for cost recovery of service delivery	0%	NEW	0%	10%	10%
Outcome	Percent of enterprise services achieving a cost recovery rate within ten percent of breaking even	NEW	82%	95%	Discontinued	Discontinued
Output	Percentage of timely, accurate billing issued on or before the 10th of every month for the prior billing period	NEW	100%	100%	100%	100%
Quality	Percent of state agency customers satisfied with the department of information technology's services and support	NEW	88%	85%	85%	90%
Output	Percentage of accounts receivable balances collected within 120 days from the original invoice	NEW	91.00%	95.00%	95.00%	95.00%

**COMPLIANCE AND PROJECT MANAGEMENT**

The purpose of the compliance and project management program is to provide information technology strategic planning, oversight and consulting services to New Mexico government agencies so they can improve services provided to New Mexico citizens.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,794.1	1,644.2	6,644.2	6,644.2	304.1
Other Transfers	10.6	0.0	0.0	0.0	0.0
Federal Revenues	164.3	0.0	0.0	0.0	0.0
Other Revenues	371.1	1,273.5	1,117.1	1,117.1	(12.3)
Fund Balance	0.0	0.0	156.4	156.4	0.0
<b>TOTAL SOURCES</b>	<b>2,340.1</b>	<b>2,917.7</b>	<b>7,917.7</b>	<b>7,917.7</b>	<b>171.4</b>
<b>USES</b>					
Personal Services and Employee Benefits	959.8	1,765.4	1,765.4	1,765.4	0.0
Contractual Services	1,095.0	1,021.5	3,021.5	3,021.5	195.8
Other	42.9	130.8	3,130.8	3,130.8	2,293.6
Other Financing Uses	173.1	0.0	0.0	0.0	0.0
<b>TOTAL USES</b>	<b>2,270.8</b>	<b>2,917.7</b>	<b>7,917.7</b>	<b>7,917.7</b>	<b>171.4</b>
<b>FTE</b>					
Permanent	10.7	16.5	18.0	18.0	9.1
<b>TOTAL FTE</b>	<b>10.7</b>	<b>16.5</b>	<b>18.0</b>	<b>18.0</b>	<b>9.1</b>

**Recommended Language**

The general fund appropriation to the compliance and project management program of the department of information technology includes four million seven hundred eighty thousand dollars (\$4,780,000) to provide enterprise cybersecurity services to state agencies, contingent on the department of information technology proposing enterprise service rates sufficient to continue the services in fiscal year 2025.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Percent of information technology professional service contracts greater than one million dollars in value reviewed within seven business days	100%	82%	95%	95%	95%
* Outcome	Percent of information technology professional service contracts less than one million dollars in value reviewed within five business days	100%	92%	99%	98%	98%
Output	Number of workshops, trainings, events, or whitepapers delivered to agencies on IT best practices upon department analysis of key IT oversight areas	7.0	4.0	9.0	9.0	9.0

**ENTERPRISE SERVICES**

The purpose of the enterprise services program is to provide reliable and secure infrastructure for voice, radio, video and data communications through the state's enterprise data center and telecommunications network.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	12,709.1	0.0	0.0	0.0	0.0
Other Revenues	64,330.5	59,207.3	60,530.7	60,530.7	2.2
<b>TOTAL SOURCES</b>	<b>77,039.6</b>	<b>59,207.3</b>	<b>60,530.7</b>	<b>60,530.7</b>	<b>2.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	10,301.1	11,552.0	11,552.0	11,552.0	0.0
Contractual Services	3,916.5	5,587.4	5,587.4	5,587.4	0.0
Other	34,724.0	33,933.4	33,933.3	33,933.3	0.0
Other Financing Uses	25,418.2	8,134.5	9,458.0	9,458.0	16.3
<b>TOTAL USES</b>	<b>74,359.8</b>	<b>59,207.3</b>	<b>60,530.7</b>	<b>60,530.7</b>	<b>2.2</b>
<b>FTE</b>					
Permanent	120.3	114.0	112.0	112.0	(1.8)
<b>TOTAL FTE</b>	<b>120.3</b>	<b>114.0</b>	<b>112.0</b>	<b>112.0</b>	<b>(1.8)</b>



## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Percentage of mobile system coverage by state geography to the digital trunk radio system.	0.0%	NEW	N/A	N/A	N/A
Output	Number of new subscribers to the digital trunk radio system (DTRS).	N/A	N/A	N/A	N/A	N/A
* Outcome	Percent of service desk incidents resolved within the timeframe specified for their priority level	100%	100%	99%	95%	99%
Outcome	Number of perimeter DoIT devices reporting security metrics and logs to the Security Incident and Event Management (SIEM) system.	2,204.0	2,223.0	2,200.0	2,000.0	2,200.0
* Output	Number of independent vulnerability scans of information technology assets identifying potential cyber risks	4.0	12.0	4.0	2.0	12.0
Outcome	Percent of uptime of E-mail services other than scheduled maintenance	NEW	100%	98%	98%	98%
Outcome	Percentage of critical or high-risk vulnerabilities remediated from the previously identified scan	NEW	75%	90%	85%	85%

**EQUIPMENT REPLACEMENT FUND**BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	12,709.1	8,134.5	9,458.0	9,458.0	16.3
Other Revenues	75.6	0.0	0.0	0.0	0.0
Fund Balance	0.0	2,419.8	3,251.1	3,251.1	34.4
<b>TOTAL SOURCES</b>	<b>12,784.7</b>	<b>10,554.3</b>	<b>12,709.1</b>	<b>12,709.1</b>	<b>20.4</b>
<b>USES</b>					
Other	3,993.6	10,554.3	12,709.1	12,709.1	20.4
<b>TOTAL USES</b>	<b>3,993.6</b>	<b>10,554.3</b>	<b>12,709.1</b>	<b>12,709.1</b>	<b>20.4</b>

**BROADBAND ACCESS AND EXPANSION**BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	0.0	822.6	1,322.6	1,322.6	60.8
<b>TOTAL SOURCES</b>	<b>0.0</b>	<b>822.6</b>	<b>1,322.6</b>	<b>1,322.6</b>	<b>60.8</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	0.0	618.3	1,118.3	1,118.3	80.9
Contractual Services	0.0	125.0	125.0	125.0	0.0
Other	0.0	79.3	79.3	79.3	0.0
<b>TOTAL USES</b>	<b>0.0</b>	<b>822.6</b>	<b>1,322.6</b>	<b>1,322.6</b>	<b>60.8</b>
<b>FTE</b>					
Permanent	0.0	5.0	11.0	11.0	120.0
<b>TOTAL FTE</b>	<b>0.0</b>	<b>5.0</b>	<b>11.0</b>	<b>11.0</b>	<b>120.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Amount of connect New Mexico grant program dollars awarded	\$0	NEW	\$0	NEW	NEW
Output	Number of connect New Mexico grant program grantees	0.0	NEW	0.0	NEW	NEW
Output	Number of fiber miles (last mile and middle mile) built with grant funding	0.0	NEW	0.0	NEW	NEW
Output	Number of new or improved grant-funded connections to homes, businesses, or community institutions	0.0	NEW	0.0	NEW	NEW

**Statutory Authority**

The Public Employees Retirement Association (PERA) is responsible for administering the Public Employees Retirement Act (Sections 10-11-1 through 10-11-141 NMSA 1978). In addition, the PERA board is responsible for administering the Volunteer Firefighters Retirement Act (Sections 10-11A-1 through Sections 10-11A-7 NMSA 1978), Judicial Retirement Act (Sections 10-12B-1 through 10-12B-19 NMSA 1978), Magistrate Retirement Act (Sections 10-12C-1 through 10-12C-18 NMSA 1978), Retirement Reciprocity Act (Sections 10-13A-1 through 10-13A-4 NMSA 1978), Deferred Compensation Act (Sections 10-17A-1 through 10-17A-12 NMSA 1978), and the U.S. Internal Revenue Code 457 regarding deferred compensation. PERA is governed by a 12-member board composed of the secretary of state and state treasurer (both ex officio), four members under a state coverage plan elected from state membership, four members under a municipal coverage plan elected from local government membership, and two retiree members elected by the retired members.

**Mission**

The mission of the agency is to preserve, protect, and administer the retirement trust to meet its current and future obligations to retirees and to provide quality services to association members.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	45.6	52.8	58.5	52.8	0.0
Other Transfers	0.9	0.0	0.0	0.0	0.0
Other Revenues	36,312.0	38,408.1	41,615.5	39,545.2	3.0
<b>TOTAL SOURCES</b>	<b>36,358.5</b>	<b>38,460.9</b>	<b>41,674.0</b>	<b>39,598.0</b>	<b>3.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	7,667.5	8,934.8	9,690.6	9,371.0	4.9
Contractual Services	14,901.2	25,968.8	27,725.2	25,968.8	0.0
Other	1,958.7	3,557.3	4,258.2	4,258.2	19.7
<b>TOTAL USES</b>	<b>24,527.4</b>	<b>38,460.9</b>	<b>41,674.0</b>	<b>39,598.0</b>	<b>3.0</b>
<b>FTE</b>					
Permanent	89.0	87.0	88.0	87.0	0.0
<b>TOTAL FTE</b>	<b>89.0</b>	<b>87.0</b>	<b>88.0</b>	<b>87.0</b>	<b>0.0</b>

**At A Glance**

The Public Employees Retirement Association (PERA), which is funded through employee and employer contributions and does not draw revenue from the general fund, requested an 8.4 percent increase for FY24. The agency's request fully funded all authorized positions and included a 1 FTE expansion, increased contractual services by \$1.8 million, or 7 percent, and increased the other category by \$700 thousand, mostly for IT services. The LFC recommendation includes sufficient funding for the agency to fill four vacant positions and fully funds the agency's request for other costs. Due to a significant unused surplus in contractual services for investment management fees, the LFC recommendation holds contractual services flat with FY23.

**Budget Issues**

The agency's FY23 request included an 8.5 percent increase for personnel. A large portion of this request is to increase the budgeted rate of pay for vacant positions to reflect recent legislative pay increases. Current practice gives the agency budget authority to adjust only filled positions. LFC analysis shows PERA had \$295 thousand in excess personnel funding at the time of budget submission, a significant decrease from the prior year, which was inflated due to turnover among high level staff. The agency recently filled its chief investment officer position and, at the time of budget submission, is near filling the general counsel position. PERA's request includes \$91.2 thousand for a 1 FTE expansion in the agency's administrative services division for contribution accounting. The agency reports significant workload increases, in some cases due to an uptick in litigation between PERA members and their employers alleging unfair pay practices. Settlements to these lawsuits can require PERA to adjust benefits. While PERA receives contributions from employers for the benefits costs, administrative costs to implement the changes, much of which must be done through manual procedures, are borne by the fund.

The majority of PERA's budget is in the contractual services category and is used to pay fees for investment management. PERA consistently requests appropriations in excess of actual expenditures for this category; between FY20 and FY22, average annual spending in the contractual services category was \$21.9 million, well below appropriated levels. Requested investment management fees are \$12.2 million, or 100 percent, above FY22 actuals. The surplus in contractual service funding allows PERA flexibility to enter new contracts with managers and also allows for higher fees to be paid, depending on asset performance. Unspent funds revert to the retirement fund. The request includes an additional \$1.4 million for legal services.

PERA requested an appropriation from the general fund to continue processing requests from employers to link employee information to the social security system. The request for FY24 was \$58.5 thousand, an increase of 10.8 percent from FY23. PERA contends retirement trust funds should not be used to pay these costs because many of the requests are from charter schools and others employers not affiliated with PERA. The LFC recommendation continues the general fund appropriation, but at the current rate. For FY23 operating budget, the agency's operating budget reflects a 6.6 percent general fund increase from the FY23 legislative compensation package.

The LFC recommendation includes an additional \$436.2 thousand for personnel costs, applying a modest 2 percent vacancy rate versus the agency's requested FTE count. The recommendation holds the contracts category flat relative to FY23, despite an \$11 million surplus in the category for FY22. The recommendation supports the agency's request for other costs.

**Asset Management.** For FY22, the fund lost 1.7 percent on investments, net of external asset management fees, and the market value of the fund decreased by \$1 billion to a total value of \$16.6 billion. In FY21, \$700 million in contributions to the fund were made on behalf of 56 thousand active members, and \$1.3 billion was paid to 45 thousand retirees and beneficiaries. PERA continues to lag its long-term investment return target of 7.25 percent, returning 6.3 percent over the last three years and 6.4 percent annually over the last five years. For the 10-year period, the fund returned 7.5 percent, slightly above target. When compared with other public funds over \$1 billion, PERA's investments returned relatively well in the current year, with performance in the top 10 percent of plans. Over the longer periods, PERA has consistently performed in the bottom half of plans.

At the time of the 2021 valuation, the five retirement plans created by the Public Employees' Retirement Act—state employees, state police, municipal employees, municipal police, and municipal fire—were 71.4 percent funded. However, funding of the individual plans varies significantly. The state employees plan, also called state general plan three, was 60.6 percent funded with an unfunded liability of \$3.9 billion, while the state police plan was 129 percent funded with a surplus of \$323 million.

Pension funding improved greatly over the past decade because legislation reducing benefits and increasing contributions was enacted. In 2013, PERA benefits were reduced for new employees and cost-of-living adjustments (COLA) paid to retirees were reduced to better reflect actual price inflation. However, these changes were insufficient to cover costs and, in 2020, the Legislature increased contributions to the fund by 4 percentage points (2 percent age points from the employee and 2 percent age points from the employer) and changed the way the COLA is paid to reflect investment earnings and price inflation. Under the new law, annual COLAs will be based on investment returns and funded status. At current funding levels, for example, retirees from the state general plan are eligible for a COLA of between 0.5 percent and 2.1 percent, depending on investment performance.

**Governance.** Investment returns are a function of a number of factors, including asset allocation and staff performance. In 2017, the PERA board voted to delegate selection of fund managers to PERA staff. The board's motion was followed with a conversion of investment staff from classified to exempt positions and increases in their salaries to better align with salaries across similar government agencies. Salary increases and the transition of staff into exempt positions is part of a broader effort to reflect the enhanced responsibilities of investment staff. Asset allocation targets are set by the PERA board, with the most recent investment policy adopted in December 2021. The funds currently sets target asset allocation of 33.5 percent for global equities (including 9 percent private equity). The policy does not explicitly endorse internally managed passive investment strategies, noting the board believe external management of assets maximizes potential returns. The board is currently considering changes to its strategic asset allocation to improve performance.

Over the past several years, multiple PERA board members have been censured for conduct, and board members have referred matters to the Attorney General and State Auditor for investigation. Despite investigations that ended with no findings of wrongdoing on the part of PERA staff, lawsuits against PERA staff were pursued by outside groups, members of which are represented on the PERA board. Additionally, few members have a strong understanding of either investments or state finances. The board's inability to provide leadership over the past several years resulted in turnover among key PERA staff.

### Base Expansion

PERA's request includes \$91.2 thousand for a 1 FTE expansion in the agency's administrative services division for contribution accounting. The agency reports significant workload increases, in some cases due to an uptick in litigation between PERA members and their employers alleging unfair pay practices. Settlements to these lawsuits can require PERA to adjust benefits. While PERA receives contributions from employers for the benefits costs, administrative costs to implement the changes, much of which must be done through manual procedures, are borne by the fund.

The LFC recommendation does not include the expansion, but includes an additional \$436.2 thousand for personnel costs.

**BASE EXPANSION LISTING  
FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	FTE for Contribution Accounting	P640	91.2	0.0
<b>TOTAL</b>			<b>91.2</b>	<b>0.0</b>

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

The purpose of the pension administration program is to provide information, retirement benefits and an actuarially sound fund to association members so they can receive the defined benefit they are entitled to when they retire from public service.

**Recommended Language**

The other state funds appropriation to the public employees retirement association in the personal services and employee benefits category includes sufficient funds for the retirement board of the public employees retirement association to grant targeted pay increases and provide competitive salaries for investment staff.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Funding period of unfunded actuarial accrued liability, in years	72.0	TBD	30.0	30.0	30.0
Outcome	Ten-year annualized investment returns to meet or exceed board approved reference portfolio benchmark, in basis points	22.0	161.0	0.0	0.0	0.0
Outcome	Five-year annualized investment returns to meet or exceed board approved reference portfolio benchmark, in basis points	81.0	189.0	0.0	0.0	0.0
Explanatory	Average rate of net return over the last ten years	7.62%	7.49%	N/A	N/A	N/A
Outcome	Public employees retirement association's total investment cost comparable to an industry median cost of peers adjusted for differences in fund size and asset mix	45.0	TBD	85.0	85.0	85.0
* Explanatory	Average rate of net return over the last five years	9.07%	6.44%	N/A	N/A	N/A

**Statutory Authority**

The State Commission of Public Records was established by the Public Records Act, Sections 14-3-1 through 14-3-25 NMSA 1978. The commission governs the operations of the State Records Center and Archives, which administers the State Rules Act Sections 14-4-1 through 14-4-9 NMSA 1978. The act guides the development of style and format requirements for rules filed by executive agencies.

**Mission**

The mission of the State Commission of Public Records (CPR) is to preserve, protect, and facilitate access to public records held in trust for New Mexicans, ensure rules promulgated by state agencies are published as prescribed by law and made accessible, advocate for the understanding and appreciation of New Mexico history, and develop records management programs for state agencies.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	2,415.1	2,768.5	3,107.5	2,991.9	8.1
Other Transfers	42.8	0.0	0.0	0.0	0.0
Federal Revenues	27.9	40.0	15.3	15.3	(61.8)
Other Revenues	201.7	124.9	131.1	131.1	5.0
Fund Balance	23.4	128.8	0.0	55.0	(57.3)
<b>TOTAL SOURCES</b>	<b>2,710.9</b>	<b>3,062.2</b>	<b>3,253.9</b>	<b>3,193.3</b>	<b>4.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	2,232.1	2,621.8	2,827.4	2,766.8	5.5
Contractual Services	49.8	83.7	68.0	68.0	(18.8)
Other	289.6	356.7	358.5	358.5	0.5
<b>TOTAL USES</b>	<b>2,571.5</b>	<b>3,062.2</b>	<b>3,253.9</b>	<b>3,193.3</b>	<b>4.3</b>
<b>FTE</b>					
Permanent	35.0	35.0	35.0	35.0	0.0
<b>TOTAL FTE</b>	<b>35.0</b>	<b>35.0</b>	<b>35.0</b>	<b>35.0</b>	<b>0.0</b>

**At A Glance**

For FY24, the agency requested a budget of nearly \$3.3 million, reflecting an overall budget increase of \$191.7 thousand, or 6.3 percent, relative to the FY23 operating budget. The request included a total general fund revenue increase of \$339 thousand, or 12.2 percent. The requested general fund revenue increase included a \$128.8 thousand revenue swap from the agency's fund balance to cover lease costs and rate increases as well as for personnel. The request also included a \$24.7 thousand, or 61.8 percent, decrease in federal revenues and a \$6.2 thousand, or 5 percent, increase in other revenues.

The committee recommendation partially funds the agency request, increasing general fund revenues by \$223.4 thousand, or 8.1 percent, over the FY23 operating budget. The LFC recommendation continues the use of fund balance in the operating budget, though at a reduced level.

**Budget Issues**

The agency request for FY24 eliminated the use of \$128.8 thousand from fund balances and replaced these revenues with general fund revenue. The committee recommends an 8.1 percent increase from the general fund, including supplanting \$73.8 thousand in revenue from the revolving fund with general fund revenue to cover lease and service rate costs. The remaining increase of \$149.6 thousand allows the agency to fill vacancies and implement small targeted pay increases for some hard-to-recruit staff, such as archivists.

CPR's ending fund balance in FY22 totaled \$270.6 thousand. Though continued emergency rule filings created revenue for the agency during the Covid-19 pandemic, the agency projects overall revenue declines and projects inadequate fund balance for FY24 expenses. However, the agency reverted over \$100 thousand to the general fund for the past several years. Reversions in FY23, not included in the agency projections of fund balance, will likely allow the agency to pay a greater portion of operating costs using enterprise funds. As an enterprise agency, CPR can also pursue rule

changes to increase other revenues through the rates it charges agencies for publishing in the *New Mexico Register*, which has not been increased since 2017 and stands at \$3 per column inch.

CPR oversees and operates two record centers, including the State Records Center and Archives (SRCA) which stores state agency records, acts as the central archive for state government, and operates a vault for the permanent storage of records with historical value. SRCA received \$953 thousand for facilities improvements as a 2019 capital outlay appropriation, which was used to replace its heating, ventilation, and air conditioning system in April 2020.

All storage facilities overseen by the commission are at or nearing full capacity, so CPR is only accepting new records when stored records reach their retention period and are destroyed. As a result, agencies are storing records in basements, hallways, rented storage units, and warehouses or are pursuing electronic document management solutions using the computer systems enhancement fund to pursue record storage projects. The agency reports it has collections in the State Archives of New Mexico that can be converted into microfilm and electronic images to create additional space and, in FY21, purchased shelving extensions to create nearly 5,000 box spaces, or 5,000 linear feet of archives storage. In addition, the Legislature appropriated \$600 thousand in FY14 to plan an expanded records facility. In FY16, CPR obtained conceptual drawings and requested \$13.2 million for the first phase of an estimated \$63 million project. However, under current record retention policies, the proposed facility could reach full capacity in 20 years, and the agency has not been awarded capital funding for the project beyond planning. To further increase SRCA's storage capacity, the agency should re-examine current record retention policies regarding what records state agencies must keep and for how long. In addition, the agency should continue to identify records best suited for electronic storage—those that have no historical value and have long retention periods—and create a partnership with the corresponding agency to store them electronically to reprioritize space.

In addition to state government, CPR provides services to local and tribal governments, educational and research communities, and the general public. These services include public records access and management, administrative rule creation and filing, and preservation of permanent, historical records for New Mexico. According to CPR, these records help document citizenship and family histories, resolve land and water issues, and support the daily operations of state and local governmental agencies. Through better training, CPR hopes to increase the quality of stored information, which over time should reduce the amount of information sent to CPR for storage. CPR held 33 online trainings to state employees on the State Rules Act and proper management of public records, exceeding its target for the fiscal year.

## **RECORDS, INFORMATION, AND ARCHIVAL MANAGEMENT**

The purpose of the records, information and archival management program is to develop, implement and provide tools, methodologies and services for use by, and for the benefit of, government agencies, historical record repositories and the public so the state can effectively create, preserve, protect and properly dispose of records, facilitate their use and understanding and protect the interests of the citizens of New Mexico.

### **PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Outcome	Number of trainings offered to state employees on the proper management of public records in compliance with the Public Records Act	31.0	33.0	24.0	24.0	24.0
Outcome	Number of state employee trainings on filing and publishing notices of rulemaking and rules in compliance with the State Rules Act	27.0	75.0	25.0	24.0	24.0
Outcome	Number of agency educational, research, preservation and community outreach activities that foster and facilitate an appreciation and understanding of New Mexico history and culture	110.0	25.0	75.0	177.0	177.0
Outcome	Number of days to compile and post all rules onto the New Mexico Administrative Code website from their effective date	9.0	16.0	20.0	30.0	30.0
Outcome	Number of records described and made available online via a descriptive finding aid to support law enforcement, attorneys, the courts and the public	13,985.0	5,785.0	15,000.0	8,000.0	8,000.0
Outcome	Percent of requests by records custodians to access public records stored in the records center within 24 business hours and percent of requests to access archival holdings within two hours of on-site request, adhering to any applicable laws	100%	100%	100%	100%	100%



**Statutory Authority**

Article V, Section 1, of the New Mexico Constitution created the office of the Secretary of State. The Secretary of State may be elected for two consecutive four-year terms and is second in line behind the lieutenant governor to assume the responsibilities of the governor. The Secretary of State is the keeper of the Great Seal of the State of New Mexico and affixes the seal to all commissions issued in the name of the state and signed by the governor. Article V, Section 2, of the New Mexico Constitution requires the returns of every election for state officers be sealed and transmitted to the Secretary of State who, with the governor and state Supreme Court chief justice, constitute the state canvassing board. The Bureau of Elections is responsible for administering the state Election Code.

In 2012, Article 11, Section 2, of the Constitution of New Mexico was amended to transfer the authority to charter and regulate corporations from the Public Regulation Commission to the Secretary of State and statutory changes were subsequently enacted that also transferred related staff and expenses from PRC to SOS.

**Mission**

The mission of the office of the Secretary of State is to administer elections and government ethics in accordance with state and federal law and to maintain and provide access to the laws, official acts, and other instruments vital to the efficient operation of state government. It is also the mission of the Secretary of State to file and maintain records vital to the interests of commerce and industry and register all corporations doing business in New Mexico.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	16,589.8	14,504.8	22,026.8	15,302.7	5.5
Other Transfers	78.3	0.0	266.0	0.0	0.0
Federal Revenues	1,000.0	0.0	525.8	0.0	0.0
Other Revenues	1,371.0	149.5	103.6	103.6	(30.7)
Fund Balance	0.0	571.2	0.0	525.8	(7.9)
<b>TOTAL SOURCES</b>	<b>19,039.1</b>	<b>15,225.5</b>	<b>22,922.2</b>	<b>15,932.1</b>	<b>4.6</b>
<b>USES</b>					
Personal Services and Employee Benefits	4,583.4	5,163.5	5,788.0	5,483.7	6.2
Contractual Services	1,993.0	1,303.5	1,818.2	1,642.2	26.0
Other	13,476.2	8,758.5	15,316.0	8,806.2	0.5
<b>TOTAL USES</b>	<b>20,052.6</b>	<b>15,225.5</b>	<b>22,922.2</b>	<b>15,932.1</b>	<b>4.6</b>
<b>FTE</b>					
Permanent	59.0	61.0	62.0	61.0	0.0
Term	1.0	0.0	0.0	0.0	0.0
Temporary	4.0	0.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>64.0</b>	<b>61.0</b>	<b>66.0</b>	<b>65.0</b>	<b>6.6</b>

**At A Glance**

The Secretary of State (SOS) requested a \$22.9 million budget for FY24, or 57.1 percent over FY23. The request included \$22 million in general fund revenues, or 52.4 percent over FY23. The requested increase reflects even-numbered fiscal years, such as FY24, have two elections. The request included an 11.7 percent general fund increase for the Administration and Operations Program and a 68.9 percent increase for the Elections Program. In addition to general fund revenues, the agency also requested \$103.6 thousand in fee revenue and \$525.8 thousand in fund balances, which were mistakenly requested as federal revenues. For the Administration and Operations Program, the agency requested an FTE expansion for a trainer business implementation specialist.

The committee recommendation supports a 4.7 percent general fund increase for the Administration and Operations Program and a 5.8 percent increase for the Elections Program. The recommendation supports filling vacancies in both programs but does not recommend the FTE expansion. However, in the Elections Program, the committee recommendation supports general fund increases to support two previously federally-funded posi-



tions. In addition, the committee recommends a special appropriation for the agency totaling \$4.9 million from the election fund to support election administration costs in FY24.

### Budget Issues

SOS requested \$17.2 million in general fund revenues for its Elections Program, a 68.9 percent increase from the FY23 operating budget. Fiscal year 24, like all even fiscal years, will have two elections—a primary election and a regular local election. The next regular local election will occur in November 2023. Odd-numbered fiscal years have only one election—a general election. Requested increases reflected costs of running two elections, which included \$2 million for information technology and elections equipment, \$3 million to reimburse counties for their direct costs, and nearly \$400 thousand for increased postage and printing costs. However, while the office estimates the changing cost of conducting elections year to year to be around \$6 million, the office has been unable to provide justification or projections for this estimate. Significant errors in the agency's initial budget submission, delays in correcting those errors, and continued inaccuracies in the final request precluded most analysis of the budget request at the line-item level. While the agency budget has fluctuated year to year due to the different number of elections, the committee recommendation for FY24 sets the SOS Elections Program operating budget relatively flat compared with FY23 costs to stabilize the agency's operating budget. The intent is for SOS to request funding for administering the additional election as a special appropriation from the state election fund every other year.

For its Administration and Operations Program, SOS requested a general fund revenue increase of \$507.4 thousand, or 11.7 percent, for personnel to fill vacancies. The agency also requested an increase of \$79.3 thousand for a trainer business implementation specialist FTE expansion and \$34.5 thousand for increased rates for telecommunications and postage. The committee recommendation partially funds the request and provides sufficient funding for the program to fill an additional two vacancies at average salary costs.

The agency requested an increase of \$140.3 thousand, or 8.6 percent, for Elections Program personnel. The requested increase included filling vacancies, but SOS also requested to use general fund revenues to cover costs of two business analyst positions to work on the agency information technology voter information systems previously funded with federal funds. The committee recommendation supports the personnel budget request, including funding the positions using general fund revenues. The committee recommendation also includes \$350 thousand to support information technology needs in the contractual services category.

SOS requested \$525.8 thousand in federal revenues for FY24 from its federal Help America Vote Act (HAVA) grant. The office received a total of \$7.85 million as two grants in 2018 and 2020. However, because the agency is not receiving new federal grants but is instead attempting to budget its grant from existing fund balances, LFC did not consider the \$525.8 thousand request to be a proper federal request and instead the request was considered as proposed increases from fund balance. An additional \$266 thousand was also mistakenly requested in other transfers; that amount was already included in the \$525.8 thousand. Therefore, the committee recommendation supports the requested amount as fund balance revenue. HAVA grants are intended for enhancements to election security. The agency's five-year plan for grant spending includes over \$3 million to improve cybersecurity, \$580 thousand for voter registration, and nearly \$2 million to upgrade voting equipment.

**Election Issues.** During FY21, the office rolled out an election night results website and campaign finance information system and installed ballot drop boxes in every county. County clerks are required to provide a drop box, monitored by video, for every 25 thousand voters, with at least two in each county. SOS spent approximately \$300 thousand on installation of the drop boxes.

The agency also received \$1.5 million in FY22 to cover costs associated with notifying voters of changes post-redistricting. The redistricting resulted in an additional 30 polling locations across the state. The agency is seeking additional funding to support equipment costs for those new locations, including an additional 177 pieces of equipment (including same day registration machines) and 50 new ballot drop boxes.

Legislative changes in 2018 and 2019 shifted some election costs from counties to the state, requiring SOS to reimburse counties for many direct election costs. Laws 2018, Chapter 79, created a regular local election and established an election fund to cover costs of administering local elections. The fund was originally intended to be supported by local governments through annual assessments. However, further changes to the Election Code in Laws 2019, Chapter 212 removed provisions for the assessments, leaving the fund without a source of revenue and essentially shifting the cost burden from counties to the state. Beginning in FY23, SOS provided upfront grants to counties for estimated eligible statutory costs. In addition, the office received \$5 million in FY23 for statewide election costs, of which \$4 million was expended to provide election cost reimbursements to counties. To establish recurring funding for election administration costs, it may be desirable to require governments again share in covering costs of local and statewide elections.

In FY22, 84 percent of eligible voters were registered to vote, up from 82.5 percent in FY21. SOS aims to register 87 percent of eligible voters for FY24.

### Base Expansion

The agency requested \$79.3 thousand for 1 FTE in the Administration and Operations Program for a trainer/business implementation specialist. The position would provide training to all administrative staff as well as implement procedures for new and ongoing functions within the office. However, the

committee recommendation does not support the request but instead provides \$180 thousand in the base budget for personnel in the program to fill vacancies.

**BASE EXPANSION LISTING  
FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Trainer/Business Implementation Specialist	P642	79.3	0.0
<b>TOTAL</b>			<b>79.3</b>	<b>0.0</b>

### **ADMINISTRATION & OPERATIONS**

The purpose of the administration and operations program is to provide operational services to commercial and business entities and citizens, including administration of notary public commissions, uniform commercial code filings, trademark registrations and partnerships, and to provide administrative services needed to carry out elections.

**BUDGET SUMMARY  
(dollars in thousands)**

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	16,589.8	4,323.8	4,831.2	4,526.9	4.7
Other Transfers	63.3	0.0	0.0	0.0	0.0
Other Revenues	1,265.8	65.0	78.1	78.1	20.2
<b>TOTAL SOURCES</b>	<b>17,918.9</b>	<b>4,388.8</b>	<b>4,909.3</b>	<b>4,605.0</b>	<b>4.9</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,043.4	3,524.6	4,008.8	3,704.5	5.1
Contractual Services	149.9	189.2	177.9	177.9	(6.0)
Other	590.4	675.0	722.6	722.6	7.1
<b>TOTAL USES</b>	<b>3,783.7</b>	<b>4,388.8</b>	<b>4,909.3</b>	<b>4,605.0</b>	<b>4.9</b>
<b>FTE</b>					
Permanent	43.0	42.0	43.0	42.0	0.0
Temporary	4.0	0.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>47.0</b>	<b>42.0</b>	<b>47.0</b>	<b>46.0</b>	<b>9.5</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Average number of days to process corporate registration requests	2.0	13.0	3.0	5.0	5.0
Output	Average number of days to process partnership registration requests	4.0	7.0	2.0	2.0	2.0

### **ELECTIONS**

The purpose of the elections program is to provide voter education and information on election law and government ethics to citizens, public officials and candidates so they can comply with state law.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	0.0	10,181.0	17,195.6	10,775.8	5.8
Other Transfers	15.0	0.0	266.0	0.0	0.0
Federal Revenues	1,000.0	0.0	525.8	0.0	0.0
Other Revenues	105.3	84.5	25.5	25.5	(69.8)
Fund Balance	0.0	571.2	0.0	525.8	(7.9)
<b>TOTAL SOURCES</b>	<b>1,120.3</b>	<b>10,836.7</b>	<b>18,012.9</b>	<b>11,327.1</b>	<b>4.5</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,540.0	1,638.9	1,779.2	1,779.2	8.6
Contractual Services	1,843.1	1,114.3	1,640.3	1,464.3	31.4
Other	12,885.8	8,083.5	14,593.4	8,083.6	0.0
<b>TOTAL USES</b>	<b>16,268.9</b>	<b>10,836.7</b>	<b>18,012.9</b>	<b>11,327.1</b>	<b>4.5</b>
<b>FTE</b>					
Permanent	16.0	19.0	19.0	19.0	0.0
Term	1.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>17.0</b>	<b>19.0</b>	<b>19.0</b>	<b>19.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of county clerks satisfied with the election training provided by the secretary of state's office	97%	96%	100%	90%	90%
Output	Number of training sessions provided to all county clerks on changes to the election code	2.0	8.0	1.0	2.0	2.0
* Outcome	Percent of eligible voters registered to vote	83%	84%	87%	87%	87%
Outcome	Percent of voting machines tested	100.00%	100.00%	100.00%	100.00%	100.00%
Explanatory	Number of counties meeting the Uniformed and Overseas Citizens Absentee Voting Act deadline of mailing overseas ballots not later than 45 days before an election	100.0	0.0	N/A	N/A	N/A
* Outcome	Percent of reporting individuals in compliance with campaign finance reporting requirements	74%	83%	99%	99%	99%
Outcome	Percent of reporting individuals who have been issued a notice of final determination for non-compliance	100%	100%	100%	100%	100%
Explanatory	Number of campaign finance training sessions offered each fiscal year	4.0	0.0	N/A	N/A	N/A

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Number of reporting individuals out of compliance with campaign finance reporting requirements	287.0	83.0	N/A	N/A	N/A
Explanatory	Number of Native American voters reported by tribes as registered to vote in New Mexico	19,656.0	0.0	N/A	N/A	N/A
Explanatory	Percent of eligible voters that voted in the June statewide primary election (even fiscal years)	0.00%	0.00%	N/A	N/A	N/A
Explanatory	Percent of eligible voters that voted in the November statewide general election (odd fiscal years)	68.27%	0.00%	N/A	N/A	N/A
Explanatory	Percent of eligible voters that voted in the November statewide local election (even fiscal years)	0.00%	0.00%	N/A	N/A	N/A

### Statutory Authority

The Personnel Act, Sections 10-9-1 through 10-9-25 NMSA 1978, creates the State Personnel Board and the State Personnel Office and requires the board to provide for a system of classified state employment based solely on qualifications and ability. The board has jurisdiction over issues related to employee classification and compensation, testing and qualifications for professionals, probationary periods, and disciplinary procedures. The director of the State Personnel Office supervises administrative and technical personnel activities and acts as secretary to the board.

### Mission

The Personnel Board was created by the Personnel Act to establish a system of personnel administration for New Mexico based solely on qualification and ability to provide greater economy and efficiency in the management of state affairs.

### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	3,700.1	4,109.7	4,117.6	4,117.6	0.2
Other Transfers	183.1	7.9	182.0	182.0	2,203.8
<b>TOTAL SOURCES</b>	<b>3,883.2</b>	<b>4,117.6</b>	<b>4,299.6</b>	<b>4,299.6</b>	<b>4.4</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,410.3	3,806.7	4,007.2	4,007.2	5.3
Contractual Services	39.8	76.0	76.0	76.0	0.0
Other	304.0	234.9	216.4	216.4	(7.9)
<b>TOTAL USES</b>	<b>3,754.1</b>	<b>4,117.6</b>	<b>4,299.6</b>	<b>4,299.6</b>	<b>4.4</b>
<b>FTE</b>					
Permanent	45.0	44.0	44.0	44.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>46.0</b>	<b>44.0</b>	<b>44.0</b>	<b>44.0</b>	<b>0.0</b>

### At A Glance

The State Personnel Office (SPO) requested a \$182 thousand, or 4.4 percent, increase for FY24, mostly from reinstating an interagency transfer appropriation for SPO to provide shared human resources services from 11 small state agencies. The agency requested an increase of \$7,900 from the general fund. The agency requested a \$200 thousand increase in personal services and employee benefits, reducing its request in the other category to fund the increase. The LFC recommendation supports the agency's request.

### Budget Issues

SPO maintained a high vacancy rate for several years despite availability of funding for additional staff, but reductions in the personal services and employee benefits category have reduced vacancy savings, from \$570 thousand in FY21 to \$119 thousand in FY22. The agency's request imposes a 13.8 percent vacancy rate on the agency; compared with a current rate of 18 percent. SPO's FY24 budget request included an additional \$200 thousand for personnel costs, sufficient to fill two vacant positions.

For FY24, SPO renewed its request for revenue from interagency transfers to provide human resource services to 11 agencies with workforces too small to justify full-time human resources staff. These shared service agreements raised approximately \$126 thousand in FY21 and \$183 thousand in FY22. The agency decided to discontinue shared service agreements and encouraged small agencies to partner with larger agencies for human resources services instead. However, following the approval of the FY23 budget, SPO determined it was not feasible for the agency to stop providing these services. SPO's request for FY24 includes \$182 thousand for shared services, sufficient to cover the costs of 2 FTE assigned to provide these services, with additional funding to partially fund personnel costs for management supervision.

**State Workforce.** A strong labor market has made it difficult for many state agencies to recruit qualified applicants. The state continues to struggle to fill vacant positions in a timely manner, with an average of 69 days between posting and filling a position. Over the three prior years, agencies averaged 52 days to fill vacant positions. Overall vacancy rates remain high, with an average funded vacancy rate—the percentage of authorized positions that are unfilled, but for which the agency has available budget—of 12 percent statewide.

A recent LFC program evaluation of the state personnel system found, although SPO oversees the state personnel system, much of the state's human resources capacity is located throughout agencies, leading to a splintered system of human resource management. Over the past two decades, the number of job classifications has quintupled, from 257 in 2000 to more than 1,200 today. The proliferation of job classifications poses a challenge: SPO is unable to manage the classification system with limited staff. Despite industry best practice for reviewing job classification on an annual basis, many job classification have not been reviewed for more than a decade. Over the last three years, SPO reviewed 66 job classifications.

SPO is responsible for making periodic adjustments to salary schedules and assigning pay ranges to individual jobs to keep state salaries competitive with the local and regional labor markets. While for many years performance data indicated salaries offered by the state of New Mexico were falling behind the broader labor market, recent adjustments make salary schedules more competitive, especially at lower salary ranges. The state tracks salary using compa-ratios, which divide the salary an employee receives by the midpoint of the salary range. Ideally, a new employee would begin at a relatively low salary level, for example, 90 percent of the midpoint, and progress through the range with regular raises reflecting the increased experience of the employee. For FY23, the Personnel Board approved an increase to classified salary schedules for general state employees that raised the midpoint an average of 27 percent, while employee raises averaged 9 percent. As a result, the average state employee compa-ratio will decrease because salary schedule midpoints are increasing faster than average salaries. If agencies are able to effectively recruit new employees without needing to offer salaries well above position midpoints, this would indicate the new schedules are better aligned to the labor market. Under the FY22 salary schedules, the average new employee salary was 101.5 percent, indicating the schedule was not competitive with the market. Performance data from the period covering the new salary schedules is not yet available.

However, many agencies report continued difficulty in providing staff with competitive salary levels, particularly for mid-level professionals. Legislative increases for FY23 were implemented pursuant to a pay plan developed by SPO that concentrated increases on employees earning below \$20 per hour on the general salary schedule and for higher paid employees with lower compa-ratios. Much of the increases were needed to raise the minimum salary to \$15 per hour. Vacancy rates, turnover data, or number of qualified applicants for posted positions did not factor into the salary plan, leaving agencies unable to deploy the additional resources more strategically to fill hard-to-staff positions.

Salary structure inadequacy has led to a proliferation of ad hoc raises. In FY22, 394 state employees received temporary salary increases to aid in recruitment and retention or recognize additional job duties, compared with 515 in FY21 and 776 in FY20. SPO has discontinued quarterly reporting on the number of permanent increases not associated with a legislative increase or promotion, known as "in-pay band adjustments," but data will be available in SPO's annual report in January. In FY21, SPO reports there were 442 in-pay band adjustments, a decrease from the 1,018 provided in FY20 and the 2,854 provided in FY19. These increases have the effect of creating pay disparities between agencies and may lead to increased turnover as employees move to another agency to do similar work for higher pay.

## HUMAN RESOURCE MANAGEMENT

The purpose of the human resource management program is to provide a merit-based system in partnership with state agencies, appropriate compensation, human resource accountability and employee development that meets the evolving needs of the agencies, employees, applicants and the public so economy and efficiency in the management of state affairs may be provided while protecting the interest of the public.

### PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Explanatory	Average number of days to fill a position from the date of posting	51.0	69.0	N/A	N/A	N/A
Explanatory	Percent of classified who successfully complete the probation period	71%	61%	N/A	N/A	N/A
Explanatory	Percent of classified employees voluntarily leaving state service	13%	20%	N/A	N/A	N/A
Explanatory	Percent of classified employees involuntarily leaving state service	2%	2%	N/A	N/A	N/A
* Explanatory	Classified service vacancy rate	19.90%	22.80%	N/A	N/A	N/A
Efficiency	Average classified employee compa-ratio	103.40%	104.70%	100.00%	100.00%	100.00%
Explanatory	Average classified employee new hire compa-ratio	103.40%	101.50%	N/A	N/A	N/A
Explanatory	Number of candidate hires external to state government	1,996.0	2,969.0	N/A	N/A	N/A
Outcome	Number of human resource trainings annually in partnership with agencies	119.0	17.0	12.0	15.0	15.0

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Explanatory	Number of salary increases awarded	NEW	394.0	N/A	N/A	N/A
* Explanatory	Average classified service employee total compensation	NEW	\$90,971	N/A	N/A	N/A
* Explanatory	Cost of overtime pay	NEW	\$37,631,630	N/A	N/A	N/A
Outcome	Number of human resource rule compliance audits conducted annually	1,157.0	885.0	1,000.0	1,000.0	1,000.0
Outcome	Number of state personnel office led trainings offered annually	119.0	156.0	100.0	100.0	100.0

**Statutory Authority**

The New Mexico Public Employee Bargaining Act (PEBA), Sections 10-7E-1 through 10-7E-26 NMSA 1978, creates the Public Employee Labor Relations Board (PELRB). The act reinstates collective bargaining for public employees, which had previously expired in 1999. The board consists of three members appointed by the governor; one of those members must be recommended by labor organizations and another member must be recommended by two other board members.

One of the state's smallest agencies, PELRB serves as the decision-maker of first resort for public employer and labor organization disputes under the Public Employee Bargaining Act (PEBA). The board also ensures local governments operating under a collective bargaining agreement are in compliance with PEBA by monitoring their decisions. This not only protects the public interest but saves both the state and local governments money by keeping most labor disputes out of court.

**Mission**

The board's mission is to guarantee public employees the right to organize and bargain collectively with their employers, to promote harmonious and cooperative relationships between public employers and employees, and to protect the public interest by ensuring, at all times, the orderly operation and function of the state and its political subdivisions.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	242.6	267.5	306.7	276.4	3.3
Other Transfers	3.8	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>246.4</b>	<b>267.5</b>	<b>306.7</b>	<b>276.4</b>	<b>3.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	189.6	191.5	226.8	196.5	2.6
Contractual Services	18.5	19.0	19.2	19.2	1.1
Other	37.8	57.0	60.7	60.7	6.5
<b>TOTAL USES</b>	<b>245.9</b>	<b>267.5</b>	<b>306.7</b>	<b>276.4</b>	<b>3.3</b>
<b>FTE</b>					
Permanent	2.0	2.0	2.0	2.0	0.0
<b>TOTAL FTE</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>0.0</b>

**At A Glance**

The agency requested an increase of \$39.2 thousand, or 14.7 percent, over the FY23 operating budget. The bulk of this request, \$35.3 thousand, is in the personal services and employee benefits category to fund a \$27.4 thousand or 19.1 percent increase in salaries for the agency's two employees. Pay for both employees are based on the governor's exempt salary schedule and currently salary levels are well below position midpoints. The request also provides for increases in rates for retirement contributions, for the agency's financial audit and Department of Information Technology services. The LFC recommendation partially funds the agency's request for targeted pay increases, with an additional \$5,000, sufficient for a 2.2 percent targeted salary increase.

Following several years of multiple audit findings and the need for a deficiency appropriation in 2019, PELRB has stabilized financial administration by contracting with the Administrative Hearings Office for chief financial officer services. The agency only has two employees, neither of whom have a background in accounting. The agreement allowed PELRB to address causes for audit findings. The FY23 request included and LFC recommendation includes continuation of \$10.6 thousand for the contract.

Laws 2020, Chapter 48, made multiple changes to the Public Employees Bargaining Act, including dissolving local labor boards that have vacant board seats for over 60 days and mandating the state board take on the responsibilities of the dissolved local labor boards. This will likely increase workload.



**PUBLIC EMPLOYEE LABOR RELATIONS BOARD**

The purpose of the public employee labor relations board is to assure all state and local public body employees have the option to organize and bargain collectively with their employer.

**PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Outcome	Percent of decisions overturned on appeal	0%	0%	1%	0%	0%
Outcome	Percent of determinations of approval of local labor relations boards, bargaining unit recognition petitions and prohibited practice complaints processed and completed within the applicable regulatory deadlines	96%	100%	100%	100%	100%

**Statutory Authority**

The Office of the State Treasurer (STO) is established within the executive branch of government by Article V of the New Mexico Constitution. The principal statutory provisions governing the Office of the State Treasurer are Sections 6-1-13, 6-8-6, 6-8-11, 6-10-10, 6-10-25 through 6-10-29, 6-10-37, 7-27-24 and 7-27-25, 8-6-1 through 8-6-7, 29-4-5, and 58-18-4 NMSA 1978.

**Mission**

The mission of the State Treasurer is to promote and protect the financial interests of the citizens and agencies of New Mexico through prudent financial decisions and actions involving state monies.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	3,846.3	4,197.3	4,950.0	4,297.3	2.4
Other Transfers	57.8	0.0	0.0	0.0	0.0
Federal Revenues	2.0	2.0	2.0	2.0	0.0
Other Revenues	406.1	390.0	390.0	390.0	0.0
<b>TOTAL SOURCES</b>	<b>4,312.2</b>	<b>4,589.3</b>	<b>5,342.0</b>	<b>4,689.3</b>	<b>2.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,041.7	3,449.6	3,950.7	3,449.6	0.0
Contractual Services	345.1	422.5	602.5	522.5	23.7
Other	801.7	717.2	788.8	717.2	0.0
<b>TOTAL USES</b>	<b>4,188.5</b>	<b>4,589.3</b>	<b>5,342.0</b>	<b>4,689.3</b>	<b>2.2</b>
<b>FTE</b>					
Permanent	33.0	35.0	35.0	35.0	0.0
<b>TOTAL FTE</b>	<b>33.0</b>	<b>35.0</b>	<b>35.0</b>	<b>35.0</b>	<b>0.0</b>

**At A Glance**

STO requested a general fund increase of \$752.7 thousand, or 16.4 percent, primarily to implement the launch of the New Mexico Work and Save Program. The LFC recommendation increases the general fund appropriation to STO by \$100 thousand, or 2.2 percent, compared with the FY23 operating budget for costs associated with processing the daily repo investment.

**Budget Issues**

The FY24 STO request included a general fund revenue increase of \$364 thousand to support the launch of the New Mexico Work and Save Program, including \$212.4 thousand in personal services and employee benefits to fill two vacant positions. This request brings total program funding to \$762.4 thousand. During the 2020 regular session, STO supported the adoption of Laws 2020, Chapter 7, (House Bill 44) that created the Work and Save Program to allow for a voluntary savings program for private sector and nonprofit employees, as well as for self-employed individuals, through a retirement savings plan purchased through a web-based marketplace maintained by the agency. According to the fiscal impact analysis provided by STO during the 2020 regular session, Work and Save program costs would be offset by program fees so the program would not require an appropriation. The Work and Save launch was delayed three years in the 2021 legislative session from July 1, 2021, to July 1, 2024.

The funds requested are in addition to \$150 thousand in recurring funding appropriated by the Legislature in the 2021 regular session and \$400 thousand of nonrecurring funding appropriated in the 2022 regular session. STO transferred \$157.5 thousand in FY22 and \$25 thousand in FY21 from the personal services and employee benefits category for the Work and Save Program. STO has \$593.1 thousand in surplus personnel funding and a 17.2 percent funded vacancy rate. This funding is unrestricted and may be used for Work and Save Program priorities. The FY24 LFC recommendation maintains FY23 funding levels for the Work and Save Program.

The FY24 STO request included a general fund revenue increase of \$100 thousand for costs associated with processing the daily “repo” investment, a repurchase agreement of overnight bonds, that were previously paid by the Board of Finance. This is in addition to the investment portfolio already managed by STO. The LFC recommendation supports this request.

The FY24 STO request included a general fund revenue increase of \$501.1 thousand for personnel including \$288.7 thousand for pay increases and \$212.4 thousand for two additional Work and Save staff. The LFC recommendation supports a flat budget for the personal services and employee benefits category given the agency's high funded vacancy savings.

The priorities for STO's investment strategies are (1) safety of the principal, (2) maintenance of liquidity, and (3) maximum return on investments. General fund balances are held in two portfolios. The core portfolio provides maximized returns with minimal risk to principal. The liquidity portfolio provides day-to-day liquid assets for the operations of state government. General fund balances at the end of FY22, excluding federal pandemic-related stimulus funds, were approximately \$6.1 billion higher than at the end of FY21, a 138 percent year-over-year increase. The agency investments lost \$118.6 million in FY22 due to rising interest rates reducing bond values. Earnings were \$62.6 million in FY19, \$91.7 million in FY20, and \$5.3 million in FY21.

### **STATE TREASURER**

The purpose of the state treasurer program is to provide a financial environment that maintains maximum accountability for receipt, investment and disbursement of public funds to protect the financial interests of New Mexico citizens.

#### **PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Outcome	One-year annualized investment return on local government investment pool to exceed internal benchmark, in basis points	1.0	(2.0)	5.0	5.0	5.0
* Outcome	One-year annualized investment return on general fund core portfolio to exceed internal benchmarks, in basis points	\$31.0	45.0	10.0	5.0	10.0
Outcome	Maximum number of audit findings	0.0	0.0	0.0	2.0	0.0
Outcome	Percent of reconciling items cleared within 30 days of posting of accounting lines, completion and budget check by the agency	99%	99%	99%	99%	99%
Explanatory	Forfeiture sale proceeds deposited to the general fund	\$1,462	\$20,613	N/A	N/A	N/A
Explanatory	Percent of liquidity pool to total state general fund investment pool	51.87%	53.30%	N/A	N/A	N/A



# Commerce and Industry

**Statutory Authority**

The seven-member Board of Examiners for Architects is authorized by Sections 61-15-1 through 61-15-13 NMSA 1978. The board is charged with ensuring any person practicing architecture complies with the provisions of the Architecture Act. The agency regulates the professional conduct of architects by registering only qualified individuals, investigating complaints and violations, monitoring compliance with continuing education requirements, and working with other regulatory entities concerned with the built environment.

**Mission**

The Board of Examiners for Architects is charged with safeguarding life, health, and property and promoting the public welfare by reviewing evidence of the professional qualification of any person applying to practice architecture in this state.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	406.6	327.1	333.1	333.1	1.8
Fund Balance	0.0	171.8	202.3	202.3	17.8
<b>TOTAL SOURCES</b>	<b>406.6</b>	<b>498.9</b>	<b>535.4</b>	<b>535.4</b>	<b>7.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	254.5	368.9	405.4	405.4	9.9
Contractual Services	32.3	46.7	46.7	46.7	0.0
Other	66.3	83.3	83.3	83.3	0.0
<b>TOTAL USES</b>	<b>353.1</b>	<b>498.9</b>	<b>535.4</b>	<b>535.4</b>	<b>7.3</b>
<b>FTE</b>					
Permanent	4.0	4.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>0.0</b>

**At A Glance**

The Board of Examiners for Architects requested a \$535.4 thousand budget for FY24, an increase of \$36.5 thousand, or 7.3 percent, above the FY23 operating budget. The board requested \$331.1 thousand in fee revenue and \$202.3 thousand from fund balances. The request included an increase of \$36.5 thousand to reclassify positions. The board has 4 authorized FTE with one vacancy, a compliance officer. The board projects an ending fund balance of \$331.1 thousand at the end of FY24. The committee recommends funding the board's request to reduce the agency's vacancy rate.

The LFC Sunrise Sunset Subcommittee moved to extend the sunset date of the board by six years, to July 1, 2029. In FY22, 2,261 architects were registered in New Mexico. Of that number, 713 were in-state registrants and 1,548 were out-of-state registrants.

**BOARD OF EXAMINERS FOR ARCHITECTS**

The purpose of the board of examiners for architects is to regulate, through enforcement and licensing, the professional conduct of architects to protect the health, safety and welfare of the general public of the state.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of audited registrants who successfully meet the continuing education requirements	95%	72%	95%	95%	95%
Output	Number of days from the receipt of a complaint to delivery to the enforcement committee	3.0	2.0	5.0	5.0	5.0
Outcome	Percent of reciprocity applicants who successfully complete the application process	83%	93%	80%	80%	83%
Efficiency	Percent of cases resolved prior to issuance of a notice of contemplated action	86%	80%	80%	80%	83%
Efficiency	Percent of cases where a notice of contemplated action has been issued but is resolved prior to hearing	50%	50%	50%	50%	50%

**Statutory Authority**

The New Mexico Ethics Commission was created in legislation in 2019. Laws 2019, Chapter 86, implements Article V, Section 17, of the New Mexico Constitution, which establishes the State Ethics Commission and was approved by the state's voters in the 2018 general election. The commission consists of seven commissioners—five appointed by the governor and House and Senate leadership and two appointed by the first five commissioners. The commission began operations on January 1, 2020.

Sections 10-16G-1 through 10-16G-16 NMSA 1978, the State Ethics Commission Act, establishes the primary functions and authority of the State Ethics Commission. This authority includes receiving, investigating, and adjudicating complaints against public officials, public employees, candidates, persons subject to the Campaign Reporting Act, government contractors, lobbyists and lobbyists' employers. The commission also drafts a proposed code of ethics for public officials and public employees and issues advisory opinions on ethics issues.

**Mission**

The mission of the State Ethics Commission is to ensure compliance with all applicable public ethics laws by all public officials, employees, candidates, contractors, lobbyists, and others subject to the commission's jurisdiction throughout their employment or dealings with New Mexico state government and to ensure public ethics laws are clear, comprehensive, and effective.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	900.3	1,236.3	1,460.2	1,420.7	14.9
Other Transfers	15.4	0.0	0.0	0.0	0.0
Other Revenues	40.7	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>956.4</b>	<b>1,236.3</b>	<b>1,460.2</b>	<b>1,420.7</b>	<b>14.9</b>
<b>USES</b>					
Personal Services and Employee Benefits	694.6	924.5	1,122.7	1,058.2	14.5
Contractual Services	83.9	200.0	200.0	225.0	12.5
Other	106.5	111.8	137.5	137.5	23.0
<b>TOTAL USES</b>	<b>885.0</b>	<b>1,236.3</b>	<b>1,460.2</b>	<b>1,420.7</b>	<b>14.9</b>
<b>FTE</b>					
Permanent	6.0	8.0	9.0	8.0	0.0
<b>TOTAL FTE</b>	<b>6.0</b>	<b>8.0</b>	<b>9.0</b>	<b>8.0</b>	<b>0.0</b>

**At A Glance**

The State Ethics Commission requested \$1.4 million from the general fund for FY24, an increase of \$223.9 thousand, or 18.1 percent, from the FY23 operating budget. The request included an increase of 21.4 percent for personnel to fully fund existing positions and add 1 FTE to the commission's staff as well as an increase of 25.7 percent for other costs. The committee recommendation supports an overall increase of \$184.4 thousand, or just under 15 percent, to fund additional vacancies and to support additional contract financial support services.

**Budget Issues**

The State Ethics Commission requested a \$1.4 million general fund budget for FY24. The commission's request added 1 FTE—a financial specialist—to the 8 existing FTE positions. The request also included fully funding existing positions. The agency requested an increase of \$25.7 thousand in other costs to fund costs associated with personnel, such as travel. The committee recommendation supports \$133.7 thousand to fill vacant positions and \$25 thousand in the contractual services category to support additional financial support services. Additionally, the committee recommendation fully funds the request for other costs (\$25.7 thousand). The Ethics Commission plans to hire an attorney and state investigator using its prior FY23 FTE expansion.

In January 2022, the commission's jurisdiction was expanded to include enforcement of the Revised Uniform Law on Notarial Acts (Sections 14-14A-1 to 14-14A-32 NMSA 1978), governing public notaries and notarial acts. Previously, the Regulation and Licensing Department was responsible for overseeing two similar acts that were repealed. The commission assigned one of its staff attorneys to handle these matters, which are reported to



occupy at least 80 percent of that attorney's time. Since January 1, 2022, the commission has received, investigated, or prosecuted over 17 separate administrative matters involving the commissions of public notaries.

In FY22, the commission received, investigated, and adjudicated 44 administrative complaints, in addition to nine received in 2021. As of September, nine administrative matters filed during FY22 are still pending. The commission also issued 10 formal advisory opinions, available on the state's official research tool NMOneSource.com, and 14 informal advisory opinions. In addition, the commission delivered over 20 separate trainings to state agencies, state boards and commissions, legislative committees, affiliate and professional organizations, and bar associations around New Mexico.

The commission contracts with a retired New Mexico Supreme Court justice, other retired judges, and the Administrative Hearings Office for administrative hearing officer services. Further, in 2022, the commission worked with the Office of the Secretary of State to achieve financial disclosure filings from all individuals who are required to file annual financial disclosure statements.

### Base Expansion

The commission requested a budget expansion totaling \$64.5 thousand in general fund revenues to support an additional financial specialist FTE to support financial, human resources, and other administrative functions at the commission. The committee recommendation does not support the expansion request but provides an additional \$133.7 thousand in the personnel category to fill existing vacancies, as well as \$25 thousand in the contractual services category to support additional financial service needs of the agency.

#### BASE EXPANSION LISTING FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Financial Specialist Position	P410	64.5	0.0
<b>TOTAL</b>			<b>64.5</b>	<b>0.0</b>

### STATE ETHICS COMMISSION

The purpose of the New Mexico ethics commission is to receive, investigate and adjudicate complaints against public officials, public employees, candidates, those subject to the Campaign Reporting Act, government contractors, lobbyists and lobbyists' employers and to ensure that public ethics laws are clear, comprehensive and effective.

#### PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Percent of advisory opinions issued within sixty days of receipt	100%	80%	90%	90%	90%
Explanatory	Percent of ethics complaints within the agency's jurisdiction that are either disposed or set for public hearing within one-hundred-and-eighty (180) days after a complaint is received.	70%	57%	N/A	N/A	N/A

**Statutory Authority**

The Border Authority was created pursuant to the Border Development Act, Sections 58-27-1 through 58-27-26 NMSA 1978, and is administratively attached to the Economic Development Department. The Border Authority is legislatively established as an independent executive branch agency at the international border with Mexico. The Border Authority is mandated to provide leadership in the development of infrastructure on both sides of the border that will support and foster an increase in trade activity at federal ports of entry.

**Mission**

The Border Authority works continuously with the local trade community, local government jurisdictions, and the federal border enforcement agencies in the United States and Mexico promoting and marketing New Mexico ports of entry as an integral part of a border development partnership with Chihuahua.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	433.4	468.9	468.9	468.9	0.0
Other Transfers	7.6	0.0	0.0	0.0	0.0
Other Revenues	100.2	108.7	108.7	108.7	0.0
Fund Balance	88.0	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>629.2</b>	<b>577.6</b>	<b>577.6</b>	<b>577.6</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	378.7	416.0	432.6	432.6	4.0
Contractual Services	64.5	43.8	43.8	43.8	0.0
Other	106.7	117.8	101.2	101.2	(14.1)
<b>TOTAL USES</b>	<b>549.9</b>	<b>577.6</b>	<b>577.6</b>	<b>577.6</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	4.0	4.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>0.0</b>

**At A Glance**

The Border Authority request kept all revenue flat with FY23 and slightly decreased spending in the other costs category to increase personnel funding. The LFC recommendation supports the agency request.

**Budget Issues**

The Border Authority encourages development in the southern region of New Mexico by developing port facilities at its international border. According to the agency, New Mexico's ports of entry are the nation's main gates for trade with Mexico, and the state accounts for \$2.2 billion of the \$211 billion in total United States exports to Mexico. The authority promotes and assists the public and private sectors in infrastructure development to attract new industry and businesses and create new employment opportunities in the area. The Border Authority's goal is to improve the flow, safety, and number of vehicles passing through the state's international ports of entry at Santa Teresa, Columbus, and Antelope Wells.

**Major Nonrecurring Appropriations.** The Legislature prioritized border development in the 2022 regular session, appropriating \$29.5 million in federal relief funds for the border area, comprising of \$20 million for improvements to the Santa Teresa Jetport, and \$9.5 million (with an additional \$5 million in capital outlay funding) to plan, design, and construct flood control structures at the Columbus port of entry. Santa Teresa Jetport will use the funds to strengthen runways to support larger aircrafts and secured its first tenant (Burrell Aviation) in September 2022. The authority also completed the design phase for a \$20 million appropriation to construct a highway connector linking New Mexico 136 to New Mexico 498, which will significantly reduce the travel time from El Paso and Sunland Park.

The Legislature has appropriated a total of \$9 million in capital outlay to the Border Authority since 2019 for four projects, \$8.7 million of which was unspent as of August 2022. The Border Authority broke ground on the construction of a flood control berm in Columbus, a project 12 years in the making, but progress has stalled and the agency only expended \$12 thousand of the \$14.5 million combined appropriations. The Columbus port of entry is

New Mexico's only 24 hour port of entry, but flooding frequently shuts down operations, causing transports, commerce, and tourists to seek more reliable crossings. Other projects include the Columbus wastewater project, a parking lot in Santa Teresa, and a road extension in Sunland Park.

**BORDER AUTHORITY**

The purpose of the border development program is to encourage and foster trade development in the state by developing port facilities and infrastructure at international ports of entry to attract new industries and business to the New Mexico border and to assist industries, businesses and the traveling public in their efficient and effective use of ports and related facilities.

**PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
* Outcome	Annual trade share of New Mexico ports within the west Texas and New Mexico region	25%	25%	35%	35%	35%
Output	Number of coordination meetings with border community leaders, congressional offices, Mexican federal agencies, federal and state agencies or international funding resources to maintain integrity of the international border in New Mexico	240.0	350.0	350.0	350.0	350.0
Outcome	Percent of program objectives obtained as a result of direct agency interaction with the border trade community, both public and private sector	90%	90%	90%	90%	90%
* Outcome	Number of commercial and noncommercial vehicles passing through New Mexico ports	885,197.0	1,988,281.0	1,100,000.0	2,100,000.0	2,100,000.0
Outcome	Number of New Mexico-Chihuahua and New Mexico-Sonora commission meetings	0.0	0.0	2.0	2.0	2.0

### Statutory Authority

The Tourism Department was created in 1991 by the Tourism Department Act, codified as Sections 9-15A-1 through 9-15A-9 NMSA 1978. The act separated the Travel and Tourism Division from the former Economic Development and Tourism Department to form a new cabinet agency. The purpose of the act was to create a cabinet-level department to coordinate statewide tourism activities; provide a database for local and regional tourism groups; serve as a comprehensive source of information and assistance to tourism-related businesses wishing to relocate, expand, or do business in New Mexico; monitor the progress of state-supported tourism activities; and prepare annual reports of such activities, their status, and their impact.

### Mission

The mission of the Tourism Department is to market New Mexico to the world as an enchanting visitor destination.

### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	16,588.9	20,013.4	28,291.5	21,956.3	9.7
Other Transfers	60.0	0.0	0.0	0.0	0.0
Federal Revenues	397.0	0.0	0.0	0.0	0.0
Other Revenues	5,077.4	4,519.3	4,719.3	5,219.3	15.5
Fund Balance	318.7	200.0	0.0	0.0	(100.0)
<b>TOTAL SOURCES</b>	<b>22,442.0</b>	<b>24,732.7</b>	<b>33,010.8</b>	<b>27,175.6</b>	<b>9.9</b>
<b>USES</b>					
Personal Services and Employee Benefits	4,305.4	4,364.2	5,263.5	4,879.1	11.8
Contractual Services	1,783.2	2,285.8	2,264.5	2,254.9	(1.4)
Other	16,109.4	18,082.7	25,482.8	20,041.6	10.8
<b>TOTAL USES</b>	<b>22,198.0</b>	<b>24,732.7</b>	<b>33,010.8</b>	<b>27,175.6</b>	<b>9.9</b>
<b>FTE</b>					
Permanent	50.0	48.0	49.0	49.0	2.1
Term	5.0	7.0	7.0	7.0	0.0
<b>TOTAL FTE</b>	<b>55.0</b>	<b>55.0</b>	<b>56.0</b>	<b>56.0</b>	<b>1.8</b>

### At A Glance

The Tourism Department's FY24 request increased general fund revenue to the agency by \$8.1 million, or 40 percent compared with the FY23 operating budget. The majority of the requested increase was in the Marketing and Promotion Program for an in-state local marketing initiative and a national marketing campaign. The LFC recommendation increases general fund revenue to the agency by \$1.9 million, or 9.7 percent, and supports the agency's top priorities including rightsizing personnel funding, increased funding for local tourism development, and continued funding for marketing. As in recent years, the committee may consider additional one-time funding for marketing and promotion.

### Budget Issues

The most recent economic impact study performed by the Tourism Department, using 2019 data, reported \$7.4 billion in visitor spending, a 22 percent increase compared with 2013. That visitor spending resulted in approximately \$700 million in state and local taxes and supported 94.6 thousand jobs. The impact study estimated direct and indirect tourism spending make up approximately 8 percent of the New Mexico economy. Although the department has not published an impact study for 2022, according to analytics and research firm Tourism Economics, the Covid-19 pandemic reduced visitor spending in New Mexico by a total of approximately \$2.2 billion, or 30 percent.

After a nearly two-year-long recovery period, jobs in the New Mexico leisure and hospitality sector pulled within 1 percentage point of prepandemic employment levels in August 2022. The department participated in the ongoing LegisStat hearing format, wherein agencies consistently respond to specific metrics to gauge performance and encourage performance-based management. As a result of the LegisStat process, the Legislature was able to closely track agency recovery initiatives and program results. Since the department's first hearing in August 2022, the department created a collaborative website with the Workforce Solutions Department to advertise jobs in the leisure and hospitality industry, created a "rural pathways" pro-

gram to provide technical assistance to tourism assets in rural areas, and completed two workforce needs studies that found employers struggled to hire due to increased wage expectations and inadequately skilled labor force.

In addition to marketing the state, the department provides tourism support for communities, regions, and other entities around the state by providing capacity-building training, tourism development support, litter prevention programs, cultural heritage outreach, and financial support in the form of competitive grants. In addition to cooperative marketing grants, which leverage agency marketing expertise with local marketing initiatives at a 2:1 match rate, the department created a recovery readiness initiative to help local businesses create visual, digital, and written content for postpandemic recovery. The Cooperative Marketing grant program awarded \$3.3 million in cooperative marketing grants to 43 communities in the 2021 grant cycle. Awards for the cooperative grant include \$10 thousand to Carlsbad for a Christmas on the Pecos event, \$10 thousand to Roswell to market the UFO festival, and \$10 thousand to Santa Fe for the Indigenous Ways Festival.

**Marketing and Promotion.** The Legislature has traditionally funded marketing with nonrecurring appropriations and approved an additional \$1.8 million in recurring general fund revenue for marketing in FY23. For FY24, the department request increased general fund revenue for the Marketing and Promotion Program by \$7.6 million, \$7 million of which was in the other costs category for national and local marketing efforts. The request increased personnel spending in the program by \$638 thousand to align the budget with actual expenditures in the category.

The LFC recommendation continues to prioritize tourism revitalization and includes an increase of \$750 thousand in general fund revenue for national marketing efforts and \$850 thousand for local marketing efforts, of which \$350 thousand is from the general fund and \$500 thousand is from the tourism enterprise fund. The committee recommendation supports the agency's personnel funding request to fund filled positions in the program, preventing budget adjustment requests throughout the fiscal year.

**Tourism Development.** The FY24 budget request increased general fund revenue to the Tourism Development Program by \$1.5 million, or 7.1 percent compared with the FY23 operating budget, and increased other revenues by about \$200 thousand. The majority of the requested increase was for the department's new development initiative, the "tourism event growth and sustainability program." The initiative awarded \$182 thousand in FY23 for events ranging from the Albuquerque Balloon Fiesta to the Deming Duck Races. The department has three award "tracks" to appropriately support events of all sizes, including an accelerator track for new events to secure foundational tourism assets (purchasing ticketing systems, website improvements, etc.), a Co-op track that provides a 2:1 marketing funding match for more established events, and a sponsorship track that increases attendance and visibility of a well-established event through leveraging the New Mexico True brand. The committee recommendation supports the agency request for Tourism Development.

**New Mexico Magazine.** *New Mexico Magazine* celebrated 100 years of publication in FY22, making it the nation's oldest state magazine and the third-largest state-owned publication. *New Mexico Magazine* has a paid circulation of 67.5 thousand, 2,000 more than in FY22, of which two-thirds is outside the state. The magazine's digital engagement reached more than 200 thousand visitors per month across various platforms in FY22. The agency request kept revenues and expenditures flat with FY23 operating budget. The LFC recommendation fully funds the agency request.

**Program Support.** The request increased Program Support by \$305.2 thousand, the majority of which was for personnel. The LFC recommendation prioritizes direct spending on marketing and tourism development and keeps Program Support flat with FY23.

## **NEW MEXICO MAGAZINE**

The purpose of the New Mexico magazine program is to produce a monthly magazine and ancillary products for a state and global audience so the audience can learn about New Mexico from a cultural, historical and educational perspective.

### **BUDGET SUMMARY (dollars in thousands)**

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	2,268.3	3,242.4	3,242.4	3,242.4	0.0
Fund Balance	318.7	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>2,587.0</b>	<b>3,242.4</b>	<b>3,242.4</b>	<b>3,242.4</b>	<b>0.0</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	940.4	1,018.8	993.2	993.2	(2.5)
Contractual Services	636.5	830.0	830.0	830.0	0.0
Other	968.1	1,393.6	1,419.2	1,419.2	1.8
<b>TOTAL USES</b>	<b>2,545.0</b>	<b>3,242.4</b>	<b>3,242.4</b>	<b>3,242.4</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	6.0	4.0	4.0	4.0	0.0
Term	4.0	6.0	6.0	6.0	0.0
<b>TOTAL FTE</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Output	True adventure guide advertising revenue	\$0	\$575,199	\$445,000	\$445,000	\$500,000
* Output	Advertising revenue per issue, in thousands	\$57	\$81	\$75	\$75	\$75
Output	Collection rate for ads sold in current fiscal year	97.0	99.0	97.0	97.0	97.0

**PROGRAM SUPPORT**

The purpose of program support is to provide administrative assistance to support the department's programs and personnel so they may be successful in implementing and reaching their strategic initiatives and maintaining full compliance with state rules and regulations.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,303.7	1,645.0	1,950.2	1,645.0	0.0
Other Transfers	20.8	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>1,324.5</b>	<b>1,645.0</b>	<b>1,950.2</b>	<b>1,645.0</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,101.6	1,470.0	1,754.4	1,470.0	0.0
Contractual Services	32.5	32.5	42.1	32.5	0.0
Other	128.1	142.5	153.7	142.5	0.0
<b>TOTAL USES</b>	<b>1,262.2</b>	<b>1,645.0</b>	<b>1,950.2</b>	<b>1,645.0</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	15.0	15.0	15.0	15.0	0.0
<b>TOTAL FTE</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of funds contracted in-state	70%	0%	70%	0%	70%

**TOURISM DEVELOPMENT**

The purpose of the tourism development program is to provide constituent services for communities, regions and other entities so they may identify their needs and assistance can be provided to locate resources to fill those needs, whether internal or external to the organization.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,072.7	1,455.0	1,559.2	1,559.2	7.2
Other Transfers	14.9	0.0	0.0	0.0	0.0
Other Revenues	1,116.7	1,246.9	1,446.9	1,446.9	16.0
Fund Balance	0.0	200.0	0.0	0.0	(100.0)
<b>TOTAL SOURCES</b>	<b>2,204.3</b>	<b>2,901.9</b>	<b>3,006.1</b>	<b>3,006.1</b>	<b>3.6</b>
<b>USES</b>					
Personal Services and Employee Benefits	981.0	1,275.3	1,177.1	1,177.1	(7.7)
Contractual Services	4.2	6.1	5.2	5.2	(14.8)
Other	1,193.6	1,620.5	1,823.8	1,823.8	12.5
<b>TOTAL USES</b>	<b>2,178.8</b>	<b>2,901.9</b>	<b>3,006.1</b>	<b>3,006.1</b>	<b>3.6</b>
<b>FTE</b>					
Permanent	16.0	16.0	16.0	16.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
<b>TOTAL FTE</b>	<b>17.0</b>	<b>17.0</b>	<b>17.0</b>	<b>17.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Number of entities awarded funding through cooperative event program	N/A	N/A	N/A	N/A	N/A
* Output	Number of entities participating in collaborative applications for the cooperative marketing grant program	43.0	43.0	140.0	40.0	70.0
Output	Number of meetings about programs available to tourism industry	N/A	N/A	N/A	N/A	N/A
Outcome	eliminate measure	\$0	\$3,600,000	\$1,200,000	\$0	\$0
Outcome	Percent open-rate of nm true e newsletters	17%	-34%	3%	18%	18%
Output	Number of participants in new mexico true certified programs	414.0	401.0	400.0	400.0	400.0
Output	Number of meetings or events conducted by the tourism department with Native American entities	148.0	23.0	74.0	60.0	74.0
Outcome	Percent change in domestic marketable overnight visitation	-23%	14%	2%	2%	2%
Output	Dollar amount of grant funding acquired from outside sources	\$1,221,667	\$5,954,998	\$100,000	\$100,000	\$1,000,000

**MARKETING AND PROMOTION**

The purpose of the marketing and promotion program is to produce and provide collateral, editorial and special events for the consumer and trade industry so they may increase their awareness of New Mexico as a premier tourist destination.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	14,212.5	16,913.4	24,582.1	18,752.1	10.9
Other Transfers	24.3	0.0	0.0	0.0	0.0
Federal Revenues	397.0	0.0	0.0	0.0	0.0
Other Revenues	1,692.4	30.0	30.0	530.0	1,666.7
<b>TOTAL SOURCES</b>	<b>16,326.2</b>	<b>16,943.4</b>	<b>24,612.1</b>	<b>19,282.1</b>	<b>13.8</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,282.4	600.1	1,238.8	1,238.8	106.4
Contractual Services	1,110.0	1,417.2	1,387.2	1,387.2	(2.1)
Other	13,819.6	14,926.1	21,986.1	16,656.1	11.6
<b>TOTAL USES</b>	<b>16,212.0</b>	<b>16,943.4</b>	<b>24,612.1</b>	<b>19,282.1</b>	<b>13.8</b>
<b>FTE</b>					
Permanent	13.0	13.0	13.0	13.0	0.0
<b>TOTAL FTE</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Percent change in New Mexico leisure and hospitality employment	-14%	24%	3%	1%	3%
Outcome	Domestic overnight visitation growth compared to national average	5.0	(50.0)	25.0	10.0	25.0
* Output	Percent change in year-over-year visitor spending	-38%	4%	3%	3%	3%
Output	Dollar amount of earned media value generated	\$1,710,000	\$5,214,399	\$1,000,000	\$2,000,000	\$2,000,000



**Statutory Authority**

The Economic Development Department (EDD) was created pursuant to the Economic Development Act in Sections 9-15-1 through 9-15-51 NMSA 1978. EDD promotes economic development and diversification, as well as business recruitment, expansion, and retention in New Mexico. The agency provides a coordinated statewide perspective on economic development activities, maintains a database for local and regional economic development groups, and serves as the comprehensive source of information for businesses wishing to locate or expand in the state.

**Mission**

The mission of the Economic Development Department is to facilitate the creation, retention, and expansion of jobs and increase investment through public and private partnerships to establish a stable diversified economy that will improve the quality of life for New Mexicans.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	13,562.3	17,545.2	27,122.7	18,711.7	6.6
Other Transfers	493.5	0.0	0.0	0.0	0.0
Federal Revenues	357.3	200.0	200.0	200.0	0.0
Other Revenues	6,795.7	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>21,208.8</b>	<b>17,745.2</b>	<b>27,322.7</b>	<b>18,911.7</b>	<b>6.6</b>
<b>USES</b>					
Personal Services and Employee Benefits	4,511.6	6,058.9	6,156.4	6,156.4	1.6
Contractual Services	3,210.9	3,110.7	9,110.7	3,410.7	9.6
Other	4,311.8	8,575.6	12,055.6	9,344.6	9.0
<b>TOTAL USES</b>	<b>12,034.3</b>	<b>17,745.2</b>	<b>27,322.7</b>	<b>18,911.7</b>	<b>6.6</b>
<b>FTE</b>					
Permanent	63.0	64.0	62.0	62.0	(3.1)
Term	2.0	0.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>65.0</b>	<b>64.0</b>	<b>66.0</b>	<b>66.0</b>	<b>3.1</b>

**At A Glance**

The Economic Development Department (EDD) requested a general fund revenue increase of \$9.4 million, or 55 percent over the FY23 operating budget. The majority of the increase was for initiatives related to film, including funding for contract management of the new Next Generation Film Academy. The LFC recommendation increases general fund revenue by just over \$1 million, or 6.7 percent.

**Budget Issues**

The Legislature made significant recurring and nonrecurring investments in economic development during the 2022 regular legislative session. In addition to over \$226 million in one-time money for initiatives ranging from trail building to venture capital investment, the Legislature approved a 22 percent recurring general fund revenue increase to the Economic Development Department for a wide range of development initiatives, including business incubators, hiring local economic developers, and business assistance programs.

The agency's FY24 request of \$9.4 million is almost entirely for four initiatives, two related to the film industry. The request included \$2 million for multi-media job training incentive program (JTIP) funds targeted at film companies, \$3 million to contract management of the Next Generation Film Academy approved in the 2022 regular legislative session, \$1 million for traditional JTIP, and \$3 million for a business marketing campaign. The department also requested \$480 thousand to permanently create a Certified Economic Development Program, which it received nonrecurring funding for during the 2022 regular legislative session.

**Incentive Programs.** EDD's two most utilized incentive programs, the Local Economic Development Act (LEDA) and the Job Training Incentive Program (JTIP), have grown substantially in funding. Since FY16, appropriations for the two programs have surpassed \$350 million. A November 2022 LFC program evaluation found, though practices for managing the incentives have improved over the last several years, approximately one-third of jobs promised from LEDA investment are never realized and EDD is inconsistent in clawing back LEDA project funds. The evaluation also found

between FY16 and FY21 JTIP only paid out \$21.3 million out of \$93.3 million committed to companies. The underutilization of JTIP funds has contributed to a fund balance of over \$35 million, approximately three times what the department has spent in the program in any given year.

In FY22, the LEDA program awarded \$34.2 million to businesses in the state with just over half of the total awards directed to rural communities. The average cost-per-job in FY22 was \$9,600 thousand. As of November 2022, EDD reported \$30 million from the general fund, other state funds, and severance tax bonds as unencumbered for LEDA. The department requested an additional \$25 million in one-time special appropriations for traditional LEDA projects.

JTIP funds classroom and on-the-job training for newly created jobs in expanding or relocating businesses for up to six months. The program reimburses 50 percent to 75 percent of employee wages, and reimbursements may also be issued for custom training at a New Mexico public institution. In FY22 the JTIP board approved 727 new jobs at an average wage of \$23.67 per hour, including 172 high-wage jobs. In addition to a \$5 million special appropriation request for JTIP, the agency requested an additional \$1 million in recurring funding for traditional JTIP (bringing the recurring JTIP budget to \$7 million) and \$2 million in “multi-media” JTIP funding targeted at film and creative media industries.

**Strategic Plan.** The department received \$1.5 million in federal Economic Development Administration money to procure a statewide economic development plan. The plan, released October 2021, identified six “challenge areas” for state development: lack of collaboration among stakeholders, difficulty attracting and retaining talent in urban rural and tribal communities, misalignment between higher education institutions and industry, disengagement of socioeconomically disadvantaged communities, public sector dominance in the state’s economy, and the concentration of the economy in too few industries. The plan also contained several recommendations for the department, including collaborating with community and industry leaders and marketing the state to businesses. EDD requested \$3 million in general fund revenue to market the state and \$480 thousand to permanently fund a certified economic development program to encourage collaboration with economic developers.

The committee recommendation increases recurring traditional JTIP funding by \$289 thousand in general fund revenue but does not support the request for recurring multi-media JTIP. Rather than creating a new category of incentives earmarked for the film and media industry, LFC recommends EDD leverage significant fund balances from unrealized JTIP awards for multi-media workforce training. The committee recommendation also includes \$1 million in one-time money to support creative media industries. LFC does not recommend recurring funding for a business marketing campaign but recommends funding economic development marketing with \$1 million in nonrecurring general fund revenue, the same strategy the Legislature has used to fund tourism marketing in recent years. The recommendation fully funds the Certified Economic Development Program, previously funded with one-time money.

**The New Mexico Film Office.** The Film Office’s primary purpose is to market the state to the film, television, and emerging media industries, service the recruited productions and companies, and promote job and business opportunities for New Mexico residents. This includes consulting with production and emerging media companies regarding the financial aspects of their projects and guiding them through incentives, such as the 25 percent to 30 percent refundable film production tax credit and the Job Training Incentive Program for Film and Multimedia.

The film tax credit has grown increasingly in size and in relevance to the state’s fiscal stability. Yet, the success of film tax credits has been difficult to quantify, with sporadic reports and analysis over the last decade concluding varying degrees of success. To better understand its impacts, the return on investment, and value to economic development, Laws 2019, Chapter 87, implemented an annual evaluation for the film tax credit with a reporting requirement to the Tax and Revenue Department and LFC. Although the first report was expected in 2020, the coronavirus pandemic interrupted film productions and inhibited EDD’s ability to survey and collect the necessary data. EDD submitted its first report in November of 2021, which reported a return on investment of \$8.40 for every \$1 spent on the incentive and estimated that direct and indirect spending from the film industry resulted in \$1.39 billion in economic output over the course of two years.

Outside of the film tax credit, since 2018, significant LEDA investment has been awarded to film partners, including \$21 million to Netflix and \$7.7 million to NBC Universal. The Legislature also appropriated a total of \$40 million in one-time funding to build a state-run film and media academy during the 2022 regular legislative session. The school, called the Next Generation Media Academy, will have a hub in Albuquerque and a satellite campus in Las Cruces. EDD and higher education institutions have established a uniform core curriculum for the first module of the film academy. EDD also secured 10-year commitments from film partners like Netflix and NBC Universal to provide paid internships for film academy students.

EDD requested an additional \$3 million in general fund revenue, for the Film Office, entirely to contract management of the new film academy. The LFC recommendation includes \$500 thousand in general fund revenue to manage the academy for the first year because initial demand for and enrollment in the program is difficult to estimate.

**The New Mexico Partnership.** The New Mexico Partnership is the largest contract within the Economic Development Department. The NM Partnership is designed to be a single point of contact for locating and expanding business in New Mexico. The NM Partnership offers a formal network of economic developers to simplify the site selection process by providing expertise on talent, critical infrastructure, educational and research and development institutions, real estate, and facilities. In FY22, the NM Partnership reported just 64 new jobs in the state attributable to the organization’s

efforts, less than half the jobs created in FY21 and well below the annual target of 2,000 jobs. The LFC recommendation decreases recurring funding for the partnership by \$200 thousand, bringing the total partnership contract to \$900 thousand.

**MainStreet.** The New Mexico MainStreet Program, enacted by the Legislature in 1985, focuses on the revitalization of central business districts in New Mexico communities based on the preservation and rehabilitation of existing structures of unique historical and architectural character and the development of progressive marketing and management techniques as an economic development strategy for local governments. Currently, there are 30 affiliates of New Mexico MainStreet: Albuquerque (Barelas, Downtown ABQ, and Nob Hill), Alamogordo, Artesia, Belen, Carlsbad, Clayton, Clovis, Corrales, Deming, Farmington, Gallup, Grants, Harding County, Las Cruces, Las Vegas, Los Alamos, Lovington, Portales, Raton, Roswell, Ruidoso, Santa Rosa, Silver City, South Valley (Bernalillo County), Taos, Truth or Consequences, Tucumcari, and Zuni Pueblo. During the 2022 regular legislative session, the Legislature approved \$10 million for MainStreet projects, more than the previous four years combined.

**Outdoor Recreation.** The duties of the Outdoor Recreation Program, created during the 2019 legislative session, include increasing outdoor-based economic development, tourism, and ecotourism in the state. The division also manages the outdoor equity fund, a grant fund for youth outdoor experiences which foster stewardship, education, and respect for New Mexico's public land, and the Trails+ grant, which helps build and improve local outdoor infrastructure. In 2022, the Legislature heavily invested in the division's grant funds, appropriating \$7 million to the Trails+ fund and \$3 million to the outdoor equity fund, designed to fund outdoor programming for underserved youth. The division awarded approximately \$6.8 million in Trails + grants and just under \$1 million in equity grants as of November 2022. Approved projects include \$400 thousand to McKinley County for work on the McKenzie Ridge Trail Connector, \$99 thousand to Red River for facilities at Mallette Park, and \$202.3 thousand to Ruidoso for sheltered picnic areas

The agency requested a flat budget for the Outdoor Recreation Division, which the LFC recommendation supports.

#### Base Expansion

EDD requested an expansion of \$97 thousand and 1 FTE for a federal grant manager to administer a wide range of grant programs at the agency, including business recovery grants, incubator grants, and State Small Business Credit Initiative grants. The LFC recommendation supports the expansion.

#### BASE EXPANSION LISTING FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Federal Programs Manager	P526	97.5	97.5
<b>TOTAL</b>			<b>97.5</b>	<b>97.5</b>

#### ECONOMIC DEVELOPMENT DIVISION

The purpose of the economic development program is to assist communities in preparing for their role in the new economy, focusing on high-quality job creation and improved infrastructure so New Mexicans can increase their wealth and improve their quality of life.

#### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	9,279.6	11,558.8	18,038.8	12,327.8	6.7
Other Transfers	436.3	0.0	0.0	0.0	0.0
Federal Revenues	357.3	200.0	200.0	200.0	0.0
Other Revenues	6,220.4	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>16,293.6</b>	<b>11,758.8</b>	<b>18,238.8</b>	<b>12,527.8</b>	<b>6.5</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	1,902.2	2,727.1	2,727.1	2,727.1	0.0
Contractual Services	1,974.1	1,709.0	4,709.0	1,709.0	0.0
Other	3,702.6	7,322.7	10,802.7	8,091.7	10.5
<b>TOTAL USES</b>	<b>7,578.9</b>	<b>11,758.8</b>	<b>18,238.8</b>	<b>12,527.8</b>	<b>6.5</b>
<b>FTE</b>					
Permanent	28.0	26.0	25.0	25.0	(3.8)
Term	2.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>30.0</b>	<b>26.0</b>	<b>25.0</b>	<b>25.0</b>	<b>(3.8)</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Number of workers trained by the job training incentive program	3,356.0	2,355.0	2,000.0	2,000.0	2,000.0
Outcome	Number of jobs created due to economic development department efforts	5,012.0	5,263.0	4,500.0	4,000.0	4,750.0
* Outcome	Number of rural jobs created	871.0	1,766.0	1,320.0	1,320.0	1,500.0
Output	Dollars of private sector investment in mainstreet districts, in millions	\$59	\$42	\$30	\$30	\$30
Explanatory	Average hourly wage of jobs funded by the job training incentive program	19.0	24.0	N/A	N/A	N/A
Output	Number of private sector dollars leveraged by each dollar through the Local Economic Development Act	128.0	84.0	30.0	25.0	40.0
Output	Number of potential recruitment opportunities submitted by the New Mexico economic development partnership	60.0	69.0	60.0	60.0	60.0
Output	Number of building rehabilitations assisted by mainstreet program	274.0	232.0	200.0	200.0	200.0
Outcome	Dollars of new investment in technology-based companies as a result of the office of science and technology's programs	\$170,000,000	\$5,214,580	\$2,000,000	\$2,000,000	\$3,000,000
* Output	Number of jobs created through the use of Local Economic Development Act funds	3,058.0	3,447.0	3,000.0	3,000.0	3,000.0
* Outcome	Number of jobs created through business relocations facilitated by the New Mexico economic development partnership	147.0	64.0	2,250.0	2,250.0	2,250.0
Outcome	Average wage of jobs created due to economic development department efforts	70,631.0	61,347.0	48,500.0	48,500.0	50,000.0
Outcome	Wages for jobs created in excess of prevailing local wages	\$24,948	\$18,179	\$5,000	\$5,000	\$8,000
Outcome	Number of company visits to New Mexico for projects managed by the New Mexico economic development partnership	9.0	21.0	12.0	12.0	12.0
Outcome	Average wages in excess of cost per job for projects funded through the Local Economic Development Act	69,482.0	55,690.0	27,500.0	27,500.0	29,000.0

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Total annual taxable gross receipts for active projects funded through the Local Economic Development Act, in millions	197.0	0.0	N/A	N/A	N/A
Explanatory	Total projected private capital investment for projects funded through the Local Economic Development Act, in millions	4,288,478.0	0.0	N/A	N/A	N/A
Outcome	Average wages in excess of cost per job for projects funded through the job training incentive program	30,757.0	40,901.0	30,000.0	30,000.0	30,000.0
Outcome	Foreign direct investment in New Mexico as a result of office of international trade efforts, in millions	2.0	2.0	5.0	5.0	5.0
Outcome	Federal grant dollars awarded as a result of economic development department efforts	\$2,400,000	\$2,900,000	\$250,000	\$250,000	\$250,000

**FILM**

The purpose of the film program is to maintain the core business for the film location services and stimulate growth in digital film media to maintain the economic vitality of New Mexico's film industry.

BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	813.1	961.8	3,961.8	1,461.8	52.0
Other Transfers	14.7	0.0	0.0	0.0	0.0
Other Revenues	110.0	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>937.8</b>	<b>961.8</b>	<b>3,961.8</b>	<b>1,461.8</b>	<b>52.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	680.6	829.5	829.5	829.5	0.0
Contractual Services	37.2	53.4	3,053.4	553.4	936.3
Other	234.5	78.9	78.9	78.9	0.0
<b>TOTAL USES</b>	<b>952.3</b>	<b>961.8</b>	<b>3,961.8</b>	<b>1,461.8</b>	<b>52.0</b>
<b>FTE</b>					
Permanent	9.0	8.0	8.0	8.0	0.0
<b>TOTAL FTE</b>	<b>9.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>0.0</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Number of film and media worker days	514,580.0	688,707.0	350,000.0	350,000.0	450,000.0

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Total wages paid by film industry productions to New Mexico residents, in millions	\$121	\$157	\$100	\$100	\$100
Outcome	Median wages paid by film industry productions to New Mexico residents	\$60,840	\$61,069	\$54,080	\$54,080	\$54,080
Outcome	Total gross receipts taxes paid by film industry productions, in millions	\$30	\$47	\$25	\$25	\$30
* Outcome	Direct spending by film industry productions, in millions	\$624	\$855	\$530	\$530	\$530
Outcome	New television or episodic series filmed in a rural tax credit community per year	N/A	N/A	N/A	N/A	N/A

**OFFICE OF THE SECRETARY**

The purpose of program support is to provide central direction to agency management processes and fiscal support to agency programs to ensure consistency, continuity and legal compliance.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	2,990.8	3,870.2	3,967.7	3,767.7	(2.6)
Other Transfers	36.9	0.0	0.0	0.0	0.0
Other Revenues	465.3	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>3,493.0</b>	<b>3,870.2</b>	<b>3,967.7</b>	<b>3,767.7</b>	<b>(2.6)</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,730.2	2,164.9	2,262.4	2,262.4	4.5
Contractual Services	1,120.8	1,223.3	1,223.3	1,023.3	(16.3)
Other	187.8	482.0	482.0	482.0	0.0
<b>TOTAL USES</b>	<b>3,038.8</b>	<b>3,870.2</b>	<b>3,967.7</b>	<b>3,767.7</b>	<b>(2.6)</b>
<b>FTE</b>					
Permanent	23.0	26.0	25.0	25.0	(3.8)
Term	0.0	0.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>23.0</b>	<b>26.0</b>	<b>29.0</b>	<b>29.0</b>	<b>11.5</b>

**OUTDOOR RECREATION DIVISION****BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	478.8	1,154.4	1,154.4	1,154.4	0.0
Other Transfers	5.6	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>484.4</b>	<b>1,154.4</b>	<b>1,154.4</b>	<b>1,154.4</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	198.6	337.4	337.4	337.4	0.0
Contractual Services	78.8	125.0	125.0	125.0	0.0
Other	187.0	692.0	692.0	692.0	0.0
<b>TOTAL USES</b>	<b>464.4</b>	<b>1,154.4</b>	<b>1,154.4</b>	<b>1,154.4</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	3.0	4.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>3.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Number of youth to benefit from outdoor education programs, including outdoor equity fund grant	3,123.0	21,904.0	N/A	N/A	N/A
Explanatory	The value of earned and owned media impressions for the outdoor recreation division and/or New Mexico outdoor recreation	7,808.0	28,737.0	N/A	N/A	N/A
Explanatory	Number of outdoor recreation conservation and access projects funded and/or led by outdoor recreation division, including via the special projects and infrastructure fund grant	6.0	44.0	N/A	N/A	N/A
Explanatory	Number of new outdoor recreation jobs created by outdoor recreation division	9.0	173.0	N/A	N/A	N/A

**Statutory Authority**

The Regulation and Licensing Department (RLD) was created pursuant to Sections 9-16-1 through 9-16-14, 60-13-1 through 60-15-14, 60-3A-1 through 60-8A-19, and 26-2C-1 through 26-2C-42 NMSA 1978 as an executive agency. RLD was created as a unified agency vested with responsibility to enforce and administer laws, rules, regulations, and codes relative to licensure and regulation of construction and manufactured housing, financial institutions, securities, alcohol, and cannabis. Through executive orders and legislative mandates, the department is responsible for licensing and enforcement for 30 professional boards and commissions. By statute, the department has a minimum of seven divisions: Administrative Services, Construction Industries (CID), Manufactured Housing (MHD), Financial Institutions (FID), Securities Industries (SID), Alcohol and Gaming (AGD), and Cannabis Control (CCD). The Construction Industries and Manufactured Housing divisions are combined into one program and the remaining programs are classified in the same manner as the department's divisions.

**Mission**

The mission of the Regulation and Licensing Department is to balance public health, safety, and welfare with business and economic development.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	12,961.5	16,646.7	17,406.7	18,057.5	8.5
Other Transfers	321.8	12,104.4	12,239.4	12,239.4	1.1
Federal Revenues	40.5	25.0	25.0	25.0	0.0
Other Revenues	43,803.0	14,721.0	15,021.0	15,021.0	2.0
Fund Balance	23,753.0	4,831.2	4,831.2	4,831.2	0.0
<b>TOTAL SOURCES</b>	<b>80,879.8</b>	<b>48,328.3</b>	<b>49,523.3</b>	<b>50,174.1</b>	<b>3.8</b>
<b>USES</b>					
Personal Services and Employee Benefits	22,010.8	28,693.7	29,768.7	29,919.2	4.3
Contractual Services	1,559.1	2,462.6	2,522.6	3,022.9	22.8
Other	4,440.4	5,551.7	5,611.7	5,611.7	1.1
Other Financing Uses	2,972.2	11,620.3	11,620.3	11,620.3	0.0
<b>TOTAL USES</b>	<b>30,982.5</b>	<b>48,328.3</b>	<b>49,523.3</b>	<b>50,174.1</b>	<b>3.8</b>
<b>FTE</b>					
Permanent	308.8	320.6	320.6	320.6	0.0
Term	17.0	29.0	29.0	29.0	0.0
<b>TOTAL FTE</b>	<b>325.8</b>	<b>349.6</b>	<b>349.6</b>	<b>349.6</b>	<b>0.0</b>

**At A Glance**

For FY24, the department requested a \$760 thousand general fund revenue increase, 4.6 percent over FY23. The request comprised \$400 thousand for the Boards and Commissions Division and \$360 thousand for the Construction Industries Program. The Financial Industries Program requested a \$240 thousand increase from other revenues, a 19.6 percent increase. The total request was \$1.2 million, a 2.5 percent increase over the FY23 operating budget. No additional FTE were requested.

The committee recommendation increases general fund revenue by \$1.4 million, or 8.5 percent, above the FY23 operating budget and increases other state funds by \$300 thousand, for a total increase of \$1.8 million over the FY23 operating budget. The recommendation includes \$500 thousand to reduce the vacancy rate for the Construction Industries Program, \$500 thousand for ongoing information technology support and assistance in development of an IT Program within Program Support, and \$51.5 thousand to Boards and Commissions for the addition of 1 FTE to support social work license processing.

**Budget Issues**

**Construction Industry Program.** The Construction Industries Program (CIP), budgeted separately from Manufactured Housing starting in FY23, requested \$360 thousand, an increase of 3.4 from the general fund, \$300 thousand of which was requested for personnel costs and \$60 thousand for fuel expenses. In August, a 15 percent salary increase went into effect for CIP inspectors. The total increase in salaries was approximately \$4 per



hour, about \$530 thousand per year. With additional benefits costs, the annualized increase is estimated at \$682.5 thousand. The overall increases in FY22 for these positions topped 30 percent. The program used vacancy savings for these targeted, temporary salary increases given to one-quarter of the program's workforce. The committee recommends an additional \$500 thousand be added to the FY24 operating budget to reduce vacancies, an 8.5 percent increase. CIP did not report FY22 performance and should report workload and backlogs more frequently to ensure regulatory efforts do not impede this critical industry.

**Financial Institutions.** The FY24 request for the Financial Institutions and Securities Program (FISP) maintains general fund revenue at FY23 budgeted levels but increases funding from other revenues by \$300 thousand, or 19.6 percent. FISP requested to increase its personnel services and employee benefits category by \$240 thousand to reduce vacancies. In FY23, the program has a total of 39 FTE. With an 8 percent vacancy rate, FISP states there is a risk for the agency to lose its licensing. The program request increases contractual services by \$60 thousand for cybersecurity resources to help state-chartered credit unions and banks' ability to audit cyber threats. This funding request comes as the national bank supervisors' accreditation body noted the department's critical need to examine IT and cybersecurity threats to continue accreditation.

As of July 2022, the National Credit Union Banking Association put FISP on probation for understaffing financial examiners. RLD stated the state's accreditation through the association could be lost in FY23. Banks could experience a significant loss of revenue and the state could lose control over financial institutions. Banking entities would likely turn to a federal charter in lieu of a state charter.

**Mortgage Regulatory Fund.** The program's mortgage regulatory fund balance increased by \$2 million in FY22, and reached \$11.6 million as of December 2022. For FY23, \$690.5 was appropriated to Construction Industries for vehicles. The LFC recommends a transfer of \$736.6 thousand to the 2nd Judicial District Court foreclosure settlement program from the mortgage regulatory fund.

**Board and Commissions.** The FY24 request for the Boards and Commissions Program (BCP) was \$400 thousand to replenish funds for the Substitute Care Advisory Council (SCAC) that were removed from the program in FY22. Since SCAC's inception in FY17, \$2.5 million in state funds have been appropriated to the program, and annual reports from the council demonstrate 992 case reviews since FY17, with 98 cases being reviewed in FY22. The council's inaugural report showed the council reviewed 483 cases in FY17 followed by a steep decline and averaged about 100 case reviews in recent years. The nine-member council continues to have vacant appointments, consisting of five appointed members from FY19 through FY21 and six members in FY17 and FY18. The Citizen Substitute Care Review Act requires SCAC to appoint a six-member advisory committee to one-year renewable terms, and council activity is unclear. The committee recommends a \$200 thousand special appropriation to the council, contingent on the council being moved under the Administrative Office of the Courts.

The Legislative Health and Human Services Committee recommends 1 FTE be added to the program for processing social work licensing and to prevent bottlenecks in processing. The committee supports this recommendation of adding \$50.5 thousand and 1 additional FTE to the program.

RLD reported FY22 and FY23 fund balance was needed to support the Boards and Commissions personnel because it started the fiscal year close to \$900 thousand behind its projected staffing need. As of August 2022, RLD reported having openings it could not post because projections appeared in deficit. The program requested increasing personnel costs by \$1 million and decreasing other financing uses by \$1million. The transfer would allow RLD to start the hiring process.

**Program Support.** RLD did not request additional funding in Program Support for FY24. In October 2022, RLD experienced a cybersecurity incident that affected the entire agency. Through a special appropriation funding request of \$3 million, the agency is seeking protection from further incidents. The agency does not have an information technology or cybersecurity program. The agency transferred \$250 thousand from Construction Industries and \$500 thousand from Boards and Commissions to cover related costs in FY23. The committee recommends the addition of \$500 thousand for the agency to increase contract FTE or establish an information technology program for FY24.

**Cannabis Control Program.** The FY24 Cannabis Control Program (CCP) operating budget remains flat with FY23, at \$3.3 million. As of November 2022, cannabis sales totaled \$38.6 million from combined medical and adult-use sales in the state. Adult-use sales alone were \$24.6 million. The program approved 1,601 licenses, including 502 retailer licenses, 349 manufacturer licenses, and 288 producer licenses. Since cannabis sales became legal in April of 2022, 502 cannabis stores have been established statewide. The program has a new set of performance measures for FY23. RLD developed a cannabis reporting online portal on the agency website that houses monthly sales data, trends, average sales per transaction, and total sales by city. Data on plant counts will be available soon.

**Cannabis Micro Loan Program.** As of September 2022, the New Mexico Finance Authority (NMFA) awarded \$2 million in loans to cannabis micro-businesses, with \$3.8 million remaining. Of the six loan recipients, three were in Bernalillo County and there was one each in Curry, Dona Ana, and Sandoval counties. NMFA reports 11 pending loan applications. The maximum loan amount is \$250 thousand. Loans have five-year terms with 3 percent interest rates, or 2 percent if the loan is paid back in less than three years. NMFA reports all loans have been for start-up costs, such as salaries, inventory purchases, equipment, cultivation, fences, security, and software. A business must be licensed and have a security plan in place to qualify for a cannabis microbusiness loan through NMFA.

**Review of Sunset Boards and Commissions.** The LFC Sunset Subcommittee met during the interim to evaluate agencies scheduled to sunset in FY23: Real Estate Appraisers, Optometry, Dental Health Care, Public Accountancy, Acupuncture and Oriental Medicine, Funeral Services, Interior Design Podiatry, Private Investigations Advisory, the Athletic Commission and the Board of Pharmacy, which is administratively attached to RLD. The agency recommended changes to the Uniform Licensing Act (ULA) that should streamline regulation and improve efficiency, and also recommended creation of the Boards and Commissions Program in statute.

### **CONSTRUCTION INDUSTRIES**

The purpose of the construction industries and manufactured housing program is to provide code compliance oversight; issue licenses, permits and citations; perform inspections; administer exams; process complaints; and enforce laws, rules and regulations relating to general construction and manufactured housing standards to industry professionals.

#### **BUDGET SUMMARY** (dollars in thousands)

	<b>FY22 2021-2022</b>	<b>FY23 2022-2023</b>	<b>FY24 2023-2024</b>		
	<b>Actuals</b>	<b>Budgeted</b>	<b>Agency Request</b>	<b>LFC Recommendation</b>	<b>Percent Inc (Decr)</b>
<b>SOURCES</b>					
General Fund Transfers	9,309.9	10,689.5	11,049.5	11,549.5	8.0
Other Transfers	85.1	200.0	200.0	200.0	0.0
Federal Revenues	40.5	0.0	0.0	0.0	0.0
Other Revenues	4,419.5	0.0	0.0	0.0	0.0
Fund Balance	21.1	366.6	366.6	366.6	0.0
<b>TOTAL SOURCES</b>	<b>13,876.1</b>	<b>11,256.1</b>	<b>11,616.1</b>	<b>12,116.1</b>	<b>7.6</b>
<b>USES</b>					
Personal Services and Employee Benefits	6,875.4	9,388.1	9,688.1	10,188.1	8.5
Contractual Services	196.3	467.0	467.0	467.0	0.0
Other	1,383.1	1,253.8	1,313.8	1,313.8	4.8
Other Financing Uses	0.0	147.2	147.2	147.2	0.0
<b>TOTAL USES</b>	<b>8,454.8</b>	<b>11,256.1</b>	<b>11,616.1</b>	<b>12,116.1</b>	<b>7.6</b>
<b>FTE</b>					
Permanent	97.0	113.0	113.0	113.0	0.0
<b>TOTAL FTE</b>	<b>97.0</b>	<b>113.0</b>	<b>113.0</b>	<b>113.0</b>	<b>0.0</b>

#### **PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Efficiency	Percent of all installation of manufactured home inspections performed within seven days of request	80%	80%	95%	95%	95%
* Outcome	Percent of commercial plans reviewed within ten working days	90%	90%	92%	92%	92%
* Outcome	Percent of residential plans reviewed within five working days	90%	80%	95%	95%	95%
Efficiency	Percent of all construction inspections performed within three days of inspection request	85%	75%	95%	95%	95%
* Output	Time to final action, referral or dismissal of complaint, in months	7.0	8.0	8.0	8.0	8.0

### **FINANCIAL INSTITUTIONS**

The purpose of the financial institutions and securities program is to issue charters and licenses; perform examinations; investigate complaints; enforce laws, rules and regulations; and promote investor protection and confidence so capital formation is maximized and a secure financial infrastructure is available to support economic development.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	438.3	89.4	89.4	89.4	0.0
Other Transfers	0.0	2,190.2	2,190.2	2,190.2	0.0
Other Revenues	9,632.7	1,532.8	1,832.8	1,832.8	19.6
Fund Balance	11,822.1	446.5	446.5	446.5	0.0
<b>TOTAL SOURCES</b>	<b>21,893.1</b>	<b>4,258.9</b>	<b>4,558.9</b>	<b>4,558.9</b>	<b>7.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	2,229.2	3,355.3	3,595.3	3,595.3	7.2
Contractual Services	29.9	82.2	142.2	142.2	73.0
Other	330.5	559.9	559.9	559.9	0.0
Other Financing Uses	455.7	261.5	261.5	261.5	0.0
<b>TOTAL USES</b>	<b>3,045.3</b>	<b>4,258.9</b>	<b>4,558.9</b>	<b>4,558.9</b>	<b>7.0</b>
<b>FTE</b>					
Permanent	33.3	39.0	39.0	39.0	0.0
<b>TOTAL FTE</b>	<b>33.3</b>	<b>39.0</b>	<b>39.0</b>	<b>39.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
0	Percent of examination reports mailed to a depository institution within 30	N/A	N/A	N/A	N/A	N/A
* Outcome	Percent of completed applications processed within ninety days by type of application	97%	100%	97%	97%	97%
Efficiency	Percent of state chartered banks, state chartered credit unions, independent trust companies, small loan companies, mortgage loan companies, mortgage loan branches and escrow companies examined	58%	82%	95%	95%	95%
Outcome	Number of financial literacy outreach sessions conducted on a quarterly basis, targeting vulnerable populations	11.0	14.0	10.0	10.0	10.0

**ALCOHOL BEVERAGE CONTROL DIVISION**

The purpose of the alcoholic beverage control program is to issue, deny, suspend or revoke licenses allowed under the Liquor Control Act to protect the health, safety and welfare of the citizens of and visitors to New Mexico.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,103.1	1,087.8	1,087.8	1,087.8	0.0
Other Transfers	0.0	13.9	13.9	13.9	0.0
Other Revenues	1,675.1	0.0	0.0	0.0	0.0
Fund Balance	0.0	300.0	300.0	300.0	0.0
<b>TOTAL SOURCES</b>	<b>2,778.2</b>	<b>1,401.7</b>	<b>1,401.7</b>	<b>1,401.7</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,026.3	1,236.3	1,236.3	1,236.3	0.0
Contractual Services	6.6	13.3	13.3	13.3	0.0
Other	102.4	152.1	152.1	152.1	0.0
<b>TOTAL USES</b>	<b>1,135.3</b>	<b>1,401.7</b>	<b>1,401.7</b>	<b>1,401.7</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	15.0	13.0	13.0	13.0	0.0
<b>TOTAL FTE</b>	<b>15.0</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Number of days to process a dispenser license	117.0	111.0	115.0	115.0	115.0
* Output	Number of days to resolve an administrative citation that does not require a hearing	177.0	64.0	120.0	120.0	120.0
* Outcome	Number of days to issue a restaurant beer and wine liquor license	118.0	117.0	115.0	115.0	115.0
Output	Number of days to process a craft distiller's license	129.0	117.0	120.0	120.0	120.0

**PROGRAM SUPPORT**

The purpose of program support is to provide leadership and centralized direction, financial management, information systems support and human resources support for all agency organizations in compliance with governing regulations, statutes and procedures so they can license qualified applicants, verify compliance with statutes and resolve or mediate consumer complaints.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,156.9	1,059.6	1,059.6	1,559.9	47.2
Other Transfers	137.8	3,046.9	3,181.9	3,181.9	4.4
Other Revenues	11.5	0.0	0.0	0.0	0.0
Fund Balance	(0.4)	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>1,305.8</b>	<b>4,106.5</b>	<b>4,241.5</b>	<b>4,741.8</b>	<b>15.5</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	2,543.5	2,832.1	2,967.1	2,967.1	4.8
Contractual Services	321.8	540.7	540.7	1,041.0	92.5
Other	893.9	733.7	733.7	733.7	0.0
<b>TOTAL USES</b>	<b>3,759.2</b>	<b>4,106.5</b>	<b>4,241.5</b>	<b>4,741.8</b>	<b>15.5</b>
<b>FTE</b>					
Permanent	33.3	26.2	26.2	26.2	0.0
<b>TOTAL FTE</b>	<b>33.3</b>	<b>26.2</b>	<b>26.2</b>	<b>26.2</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of prior-year audit findings resolved	50%	50%	100%	100%	100%

**BOARDS AND COMMISSIONS**

The purpose of the boards and commissions is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensing professionals are qualified to practice.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	431.1	33.1	433.1	83.6	152.6
Other Transfers	98.9	6,513.6	6,513.6	6,513.6	0.0
Other Revenues	10,066.7	9,323.5	9,323.5	9,323.5	0.0
Fund Balance	10,577.7	1,216.8	1,216.8	1,216.8	0.0
<b>TOTAL SOURCES</b>	<b>21,174.4</b>	<b>17,087.0</b>	<b>17,487.0</b>	<b>17,137.5</b>	<b>0.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	6,193.6	6,465.4	6,865.4	6,515.9	0.8
Contractual Services	540.2	547.7	547.7	547.7	0.0
Other	1,242.7	1,631.0	1,631.0	1,631.0	0.0
Other Financing Uses	0.0	8,442.9	8,442.9	8,442.9	0.0
<b>TOTAL USES</b>	<b>7,976.5</b>	<b>17,087.0</b>	<b>17,487.0</b>	<b>17,137.5</b>	<b>0.3</b>
<b>FTE</b>					
Permanent	91.0	92.4	92.4	92.4	0.0
<b>TOTAL FTE</b>	<b>91.0</b>	<b>92.4</b>	<b>92.4</b>	<b>92.4</b>	<b>0.0</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application	83%	89%	95%	95%	95%
Outcome	Non-compliant barber and cosmetology establishments brought into compliance within 90 days	5.0	113.0	5.0	5.0	5.0
Output	Percentage of pharmacy board licensed facilities inspected annually	28%	56%	75%	75%	75%
Outcome	Number of non-compliant body art establishments brought into compliance within 90 days	5.0	6.0	3.0	3.0	3.0

**SECURITIES**

The purpose of the securities program is to protect the integrity of the capital markets in New Mexico by setting standards for licensed professionals, investigating complaints, educating the public and enforcing the law.

BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	522.2	139.7	139.7	139.7	0.0
Other Transfers	0.0	77.0	77.0	77.0	0.0
Other Revenues	10,525.7	664.7	664.7	664.7	0.0
Fund Balance	1,332.6	1,216.3	1,216.3	1,216.3	0.0
<b>TOTAL SOURCES</b>	<b>12,380.5</b>	<b>2,097.7</b>	<b>2,097.7</b>	<b>2,097.7</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,331.5	1,388.1	1,388.1	1,388.1	0.0
Contractual Services	70.8	74.0	74.0	74.0	0.0
Other	207.0	383.4	383.4	383.4	0.0
Other Financing Uses	0.0	252.2	252.2	252.2	0.0
<b>TOTAL USES</b>	<b>1,609.3</b>	<b>2,097.7</b>	<b>2,097.7</b>	<b>2,097.7</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	17.1	21.0	21.0	21.0	0.0
<b>TOTAL FTE</b>	<b>17.1</b>	<b>21.0</b>	<b>21.0</b>	<b>21.0</b>	<b>0.0</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of investment adviser registrants examined annually	30%	33%	33%	33%	33%
Outcome	Percent of complaints logged and assigned within two days of receipt of written complaint, then investigated and a course of action determined no later than four months from receipt of complaint	10%	0%	50%	50%	50%
Outcome	Total revenue collected from licensing, in millions	\$22.60	\$23.95	\$23.60	\$23.60	\$23.60
Output	Number of investor education events focused on fraud protection	8.0	18.0	14.0	14.0	14.0
Output	Monies awarded or recovered through criminal or administrative prosecutions or settlements	\$176.90	\$188.68	\$250.00	\$250.00	\$250.00

**MANUFACTURED HOUSING**

The purpose of the manufactured housing program is to provide code compliance oversight; issue licenses, permits, and citations; perform inspections; administer exams; process complaints; and enforce laws, rules and regulations relating to manufactured housing standards.

BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	0.0	212.7	212.7	212.7	0.0
Other Transfers	0.0	62.8	62.8	62.8	0.0
Federal Revenues	0.0	25.0	25.0	25.0	0.0
Fund Balance	0.0	1,285.0	1,285.0	1,285.0	0.0
<b>TOTAL SOURCES</b>	<b>0.0</b>	<b>1,585.5</b>	<b>1,585.5</b>	<b>1,585.5</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	827.5	1,315.2	1,315.2	1,315.2	0.0
Contractual Services	6.1	82.5	82.5	82.5	0.0
Other	19.1	187.8	187.8	187.8	0.0
<b>TOTAL USES</b>	<b>852.7</b>	<b>1,585.5</b>	<b>1,585.5</b>	<b>1,585.5</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	13.0	16.0	16.0	16.0	0.0
<b>TOTAL FTE</b>	<b>13.0</b>	<b>16.0</b>	<b>16.0</b>	<b>16.0</b>	<b>0.0</b>

**CANNABIS CONTROL DIVISION**

The purpose of the cannabis control division is to regulate and license cannabis producers, manufacturers, retailers, couriers testing, and research laboratories operating in the medical and adult-use markets to ensure public health and safety.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	0.0	3,334.9	3,334.9	3,334.9	0.0
Other Revenues	7,471.7	3,200.0	3,200.0	3,200.0	0.0
<b>TOTAL SOURCES</b>	<b>7,471.7</b>	<b>6,534.9</b>	<b>6,534.9</b>	<b>6,534.9</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	983.8	2,713.2	2,713.2	2,713.2	0.0
Contractual Services	387.3	655.2	655.2	655.2	0.0
Other	261.7	650.0	650.0	650.0	0.0
Other Financing Uses	2,516.5	2,516.5	2,516.5	2,516.5	0.0
<b>TOTAL USES</b>	<b>4,149.3</b>	<b>6,534.9</b>	<b>6,534.9</b>	<b>6,534.9</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	9.3	0.0	0.0	0.0	0.0
Term	17.0	29.0	29.0	29.0	0.0
<b>TOTAL FTE</b>	<b>26.3</b>	<b>29.0</b>	<b>29.0</b>	<b>29.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of operational manufacturer licenses inspected per quarter	0.0%	9.7%	0.0%	9.7%	19.4%
Outcome	Percent of operational producer licenses inspected per quarter	0.0%	18.1%	0.0%	18.1%	24.8%
Outcome	Percent of operational retailer locations inspected per quarter	0.0%	16.6%	0.0%	16.6%	33.2%
Outcome	Total number of fines and revocations by each license type	0.0	30,000.0	0.0	30,000.0	30,030.0
Output	Number of days to process a manufacturer license	0.0	45.0	0.0	45.0	90.0
Output	Number of days to process a producer license	0.0	60.0	0.0	60.0	120.0
Output	Number of days to process a retailer license	0.0	30.0	0.0	30.0	60.0



## Regulation and Licensing Department Boards and Commissions

## BUDGET SUMMARY

(dollars in thousands)

FY22

	FY22 Actual	FY23 Operating	FY24 Agency Request	FY24 LFC Recomm- endation	FY24 Pct increase (decrease)
<b>SOURCES</b>					
General fund transfers	430.0	431.1	431.1	86.3	-80.0%
Other transfers	5,825.1	6,568.0	6,513.6	6,513.6	-0.8%
Federal revenues	0.6	0.0	0.0	0.0	0.0%
Other revenues	10,107.2	9,254.1	9,323.5	9,323.5	0.7%
Fund balance	284.2	842.0	842.0	1,216.8	44.5%
<b>TOTAL REVENUE</b>	<b>\$16,647.1</b>	<b>\$17,095.2</b>	<b>\$17,110.2</b>	<b>\$17,140.2</b>	<b>0.3%</b>
<b>USES</b>					
Substitute Care Advisory Council	504.7	615.3	215.3	215.3	-65.0%
New Mexico Public Accountancy Board	393.7	558.4	558.4	558.4	0.0%
Board of Acupuncture and Oriental Medicine	209.3	167.7	167.7	167.7	0.0%
New Mexico Athletic Commission	106.5	64.0	64.0	64.0	0.0%
Athletic Trainer Practice Board	20.7	28.4	28.4	28.4	0.0%
New Mexico Board of Dental Health Care	481.1	643.9	643.9	643.9	0.0%
Impaired Dentists	11.6	15.0	15.0	15.0	0.0%
Counseling and Therapy Practice Board	390.6	462.2	462.2	462.2	0.0%
Chiropractic Board	127.3	152.0	152.0	152.0	0.0%
Board of Barbers and Cosmetologists	1,080.3	1,368.6	1,368.6	1,368.6	0.0%
Board of Body Art Practitioners	110.3	211.0	211.0	211.0	0.0%
Nutrition and Dietetics Practice Board	16.9	30.6	30.6	30.6	0.0%
Board of Landscape Architects	17.5	27.7	27.7	27.7	0.0%
Interior Design Board	12.4	24.0	24.0	24.0	0.0%
Massage Therapy Board	192.7	259.1	259.1	259.1	0.0%
Signed Language Interpreting Practice Board	70.4	35.3	35.3	35.3	0.0%
Board of Nursing Home Administrators	37.5	51.3	51.3	51.3	0.0%
Board of Examiners for Occupational Therapy	71.7	96.0	96.0	96.0	0.0%
Board of Optometry	94.8	118.5	118.5	118.5	0.0%
Board of Pharmacy	2,100.7	2,499.8	2,499.8	2,499.8	0.0%
Physical Therapy Board	126.3	235.6	235.6	235.6	0.0%
Board of Podiatry	38.8	55.9	55.9	55.9	0.0%
Private Investigators and Polygraphers	267.4	289.1	289.1	289.1	0.0%
New Mexico State Board of Psychologists	175.5	225.4	225.4	225.4	0.0%
New Mexico Real Estate Commission	978.8	1,200.3	1,200.3	1,200.3	0.0%
Real Estate Commission Education and Training	15.5	15.8	15.8	15.8	0.0%
Real Estate Commission Recovery	17.1	50.0	50.0	50.0	0.0%
Advisory Board of Respiratory Care Practitioners	24.2	106.2	106.2	106.2	0.0%
Speech Language Pathology, Audiology, and Hearing Aid Dispensing Practices Board	144.3	179.1	179.1	179.1	0.0%
Board of Thanatopractice	130.2	154.0	154.0	154.0	0.0%
Board of Social Work Examiners	250.6	299.7	299.7	299.7	0.0%
Real Estate Appraisers Board	261.2	246.0	246.0	246.0	0.0%
Carnival Ride Bureau	9.6	70.1	70.1	70.1	0.0%
Hoisting and Safety	16.0	71.5	71.5	71.5	0.0%
Home Inspectors	89.5	163.3	178.3	178.3	9.2%
<b>TOTAL EXPENDITURES</b>	<b>\$8,595.7</b>	<b>\$10,790.8</b>	<b>\$10,405.8</b>	<b>\$10,405.8</b>	<b>-3.6%</b>

**Statutory Authority**

Article XI, Section 1, of the New Mexico Constitution creates the Public Regulation Commission (PRC) in a merger of the former State Corporation and Public Utility commissions. Starting in January 2023, the members will be appointed by the governor, with the consent of the Senate, instead of elected.

**Mission**

The mission of PRC is to regulate utilities, telecommunications, and motor carriers to ensure fair and reasonable rates and to assure reasonable and adequate services to the public as provided by law and to promote public safety through the Pipeline Safety Bureau.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	9,468.1	11,100.0	12,208.3	11,780.3	6.1
Other Transfers	1,808.8	0.0	0.0	0.0	0.0
Federal Revenues	918.0	949.8	949.8	949.8	0.0
Other Revenues	1,663.6	1,773.3	1,279.1	1,279.1	(27.9)
<b>TOTAL SOURCES</b>	<b>13,858.5</b>	<b>13,823.1</b>	<b>14,437.2</b>	<b>14,009.2</b>	<b>1.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	9,679.5	11,449.6	12,194.2	11,987.0	4.7
Contractual Services	299.7	837.5	707.0	624.9	(25.4)
Other	1,313.2	1,536.0	1,536.0	1,397.3	(9.0)
Other Financing Uses	1,663.6	0.0	0.0	0.0	0.0
<b>TOTAL USES</b>	<b>12,956.0</b>	<b>13,823.1</b>	<b>14,437.2</b>	<b>14,009.2</b>	<b>1.3</b>
<b>FTE</b>					
Permanent	120.0	119.0	116.0	114.0	(4.2)
Temporary	1.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>121.0</b>	<b>119.0</b>	<b>116.0</b>	<b>114.0</b>	<b>(4.2)</b>

**At A Glance**

The Public Regulation Commission's (PRC) FY24 budget request increased general fund revenue by \$1.1 million, or 10 percent, over the FY23 operating budget, primarily for increased personnel costs related to the upcoming PRC transition and to supplant a \$449.2 reduction in budgeted pipeline safety fee revenue with general fund revenue. The request also consolidates the Public Safety Program, which has shrunk significantly since the Fire Marshal was transferred to the Department of Homeland Security, with the Policy and Regulation Program.

The LFC recommendation increases general fund revenue by \$680.3 thousand, or 6.1 percent compared with the FY23 operating budget. The increase fully supports the requested transition-related increases in the Policy and Regulation Program and reduces pipeline safety fees budgeted for administrative costs, which the fee is not intended for, in program support. The recommendation supports consolidating the Public Safety and Policy and Regulation programs.

**Budget Issues**

In 2020, voters approved a constitutional amendment replacing the five-member elected PRC with a three-member appointed PRC. Effective January 1, 2023, PRC members will be appointed by the governor, instead of through district elections. The governor will nominate members from a qualified list of nominees compiled by the Public Regulation Commission nominating committee established by law. Commissioners will require the confirmation of the Senate. No more than two commissioners will be members of the same party, and members will serve six-year staggered terms and be limited to two terms. The nominating committee held public hearings interviewing 15 candidates over two weeks in October and will issue its final recommendations to the governor by mid-November.

**Policy and Regulation.** PRC leadership has focused on reorganizing the agency the last two years, including centralizing administrative functions and consolidating the program's 19 bureaus, some with only 1 FTE, into six larger divisions, allowing for more streamlined management and overall

efficiency. The six broad divisions include Commissioners, the commission's General Counsel, Hearing Examiners, Consumer Relations Division, Transportation Division, and Hearing Officers. The Public Regulation Commission has faced a steady increase in number and complexity of cases related to federal and state energy legislation. In addition to regulation of utilities, telecommunications, and motor carriers, the program is responsible for renewable energy cases and overseeing coal plant retirements under the requirements of the 2019 Energy Transition Act. In FY22, PRC focused on securing unrecovered costs from the closures of the San Juan Generating Station and the Four Corners plant. The commission has also, at the direction of the Legislature, reviewed plans to promote electric vehicles and implemented rules for the Community Solar Act. The commission continues to administer universal service funds to maintain telephone service, expand broadband service in rural communities, and assist small water companies in rural areas with their needs for adequate management and funding, and conduct enforcement actions to address inadequate service by motor carriers.

The agency request for Policy and Regulation increased general fund revenue by \$405.5 thousand, or 5 percent, and reduced budgeted revenue from the pipeline safety fund by \$319.4 thousand from the pipeline safety fund, for an overall increase of \$86.1 thousand, or 0.8 percent. For expenditures, the request slightly increased personnel funding for the new commission structure. Though the new PRC will have two fewer commissioners, the nominating committee and governor directed the agency to budget each commissioner at an annual salary of \$190 thousand, more than double the current commissioner salary of \$90 thousand, to attract competitive and qualified candidates. The request eliminated 2 unfunded and long-time vacant FTE and reduced funding for contracts and miscellaneous expenses in the Policy and Regulation Program in favor of funding those expenses out of the Program Support Division as a continuation of agency reorganization.

The LFC recommendation supports the agency request, recognizing the need for targeted compensation increases to attract qualified candidates, but eliminates three political administrative positions no longer necessary for the appointed commission. The committee recommends leveraging funded vacancies to hire specialized technical staff over administrative positions. The committee recommendation supports the reduced use of pipeline safety funds because fee revenue to the pipeline safety fund declined 37 percent from FY21 to FY22, due largely to rate reductions approved by the commission.

**Program Support.** Program Support transitioned from eight separate departments to just two, the Chief of Staff and the Administrative Services Division. The PRC's 2020 audit contained three significant findings, including unreconciled travel advances and improper purchasing practices within Program Support. In response, the division implemented new training requirements for staff and standardized purchasing and travel protocols. The department's 2021 audit contained two minor findings, including an unresolved procurement violation from a previous year and a finding dealing with cell phone monitoring.

The agency request for Program Support increased general fund revenue by \$702.8 thousand and again decreased other revenue from the pipeline safety fund by \$174.8 thousand, for an overall increase of \$528 thousand. Of the increase, \$296.7 thousand was in the personal services and employee benefits category for increased rates and unfunded vacant positions. The request increased the contractual services and other costs categories for information technology improvements and professional service contracts.

The LFC recommendation increases general fund revenue by \$274.8 thousand, or 9.1 percent. The general fund increase supports the agency request to reduce the use of pipeline safety fees for certain administrative functions, supports personnel rate increases, and slightly increases the contractual services and other costs categories to account for increased projected costs for contracts, travel and other supplies. The recommendation does not support additional increases for program support in light of uncertainty of the incoming commission's needs and low actual spending in the program.

## **POLICY AND REGULATION**

The purpose of the policy and regulation program is to fulfill the constitutional and legislative mandates regarding regulated industries through rulemaking, adjudications and policy initiatives to ensure the provisions of adequate and reliable services at fair, just and reasonable rates so the interests of the consumers and regulated industries are balanced to promote and protect the public interest.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	8,026.4	8,083.8	8,489.3	8,489.3	5.0
Other Transfers	1,284.3	0.0	0.0	0.0	0.0
Federal Revenues	918.0	949.8	949.8	949.8	0.0
Other Revenues	1,163.0	1,103.5	784.1	784.1	(28.9)
<b>TOTAL SOURCES</b>	<b>11,391.7</b>	<b>10,137.1</b>	<b>10,223.2</b>	<b>10,223.2</b>	<b>0.8</b>
<b>USES</b>					
Personal Services and Employee Benefits	7,762.6	8,323.1	8,771.0	8,771.0	5.4
Contractual Services	275.9	739.2	524.9	524.9	(29.0)
Other	1,193.6	1,074.8	927.3	927.3	(13.7)
<b>TOTAL USES</b>	<b>9,232.1</b>	<b>10,137.1</b>	<b>10,223.2</b>	<b>10,223.2</b>	<b>0.8</b>
<b>FTE</b>					
Permanent	96.0	86.0	84.0	82.0	(4.7)
Temporary	1.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>97.0</b>	<b>86.0</b>	<b>84.0</b>	<b>82.0</b>	<b>(4.7)</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Percent difference (delta) of final rate decision on rate cases vs regulated utility's original rate request amount	0%	0%	N/A	N/A	N/A
Outcome	Dollar amount of credits and refunds obtained for New Mexico consumers through complaint resolution, in thousands	\$25	\$88	\$70	\$70	\$70
Output	Number of pipeline safety inspection, excavation damage prevention and investigation hours performed by the pipeline safety bureau in a fiscal year	10,658.0	10,822.0	9,000.0	8,500.0	8,500.0
Explanatory	Percent of kilowatt hours of renewable energy provided annually by New Mexico's electric utilities	17%	19%	N/A	N/A	N/A
Output	Percent of total intrastate pipeline operator inspections performed by staff versus the total number of regulated pipeline operators in a fiscal year.	61%	63%	50%	40%	50%
Output	Number of written documents (testimonies, reports, rulemaking comments and affidavits) filed by staff	149.0	110.0	120.0	Discontinued	120.0

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Dollar amount difference (delta) of final rate decision on rate cases vs regulated utility's original rate request amount, in thousands	\$19,900	\$25,000	\$30,000	Discontinued	\$30,000
Outcome	Percent of written documents (testimonies, reports, rulemaking comments and affidavits) filed by staff to the total number of docketed cases in a fiscal year	149%	129%	140%	100%	140%
Outcome	Percentage of cases appealed to the supreme court by regulated entities or interveners and not overturned	100%	75%	100%	100%	100%
* Output	Number of total carrier inspections (household goods, bus, taxi, ambulance, tow and rail) performed by staff	460.0	265.0	400.0	300.0	400.0
Outcome	Percent of total carrier inspections (household goods, bus, taxi, ambulance, tow and rail) performed by staff to the total number of regulated carriers in a fiscal year	18%	11%	18%	10%	18%

**PROGRAM SUPPORT**

The purpose of program support is to provide administrative support and direction to ensure consistency, compliance, financial integrity and fulfillment of the agency mission.

BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,441.7	3,016.2	3,719.0	3,291.0	9.1
Other Transfers	524.5	0.0	0.0	0.0	0.0
Other Revenues	500.6	669.8	495.0	495.0	(26.1)
<b>TOTAL SOURCES</b>	<b>2,466.8</b>	<b>3,686.0</b>	<b>4,214.0</b>	<b>3,786.0</b>	<b>2.7</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,916.8	3,126.5	3,423.2	3,216.0	2.9
Contractual Services	23.8	98.3	182.1	100.0	1.7
Other	119.6	461.2	608.7	470.0	1.9
<b>TOTAL USES</b>	<b>2,060.2</b>	<b>3,686.0</b>	<b>4,214.0</b>	<b>3,786.0</b>	<b>2.7</b>
<b>FTE</b>					
Permanent	24.0	33.0	32.0	32.0	(3.0)
<b>TOTAL FTE</b>	<b>24.0</b>	<b>33.0</b>	<b>32.0</b>	<b>32.0</b>	<b>(3.0)</b>

## PERFORMANCE MEASURES

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Outcome	Opinion of previous fiscal year independent agency audit	0.0	0.0	0.0	Discontinued	Discontinued
Outcome	Percent of prior-year audit findings eliminated	70%	0%	100%	Discontinued	Discontinued
Output	Number of public access accounts registered in info share (e-docket) in a fiscal year	646.0	2,167.0	700.0	550.0	700.0
Output	Number of IPRA responses fulfilled in fiscal year	127.0	59.0	50.0	30.0	50.0
Output	Number of IT projects initiated and completed in fiscal year	7.0	6.0	4.0	Discontinued	Discontinued

**Statutory Authority**

Article XI, Section 20, of the New Mexico Constitution, enacted in 2012, separate the Insurance Division from the Public Regulation Commission and creates the Office of Superintendent of Insurance. The superintendent is appointed by an insurance nominating committee made up of four members chosen by the Legislature, four by the governor, and a ninth selected by the eight appointed members. The four members appointed by the Legislative Council and the governor can include no more than two from the same political party, two from the insurance industry, and two representing insurance consumers. The ninth member must be either a former New Mexico superintendent of insurance or another person with extensive knowledge of insurance regulation in New Mexico.

**Mission**

The mission of the Office of Superintendent of Insurance is to regulate insurance industries to ensure fair and reasonable rates and to assure reasonable and adequate services to the public as provided by law.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	8,513.5	10,197.9	11,980.1	11,134.8	9.2
Other Revenues	88,610.9	42,434.5	47,602.3	159,180.1	275.1
Fund Balance	0.0	500.0	375.0	375.0	(25.0)
<b>TOTAL SOURCES</b>	<b>97,124.4</b>	<b>53,132.4</b>	<b>59,957.4</b>	<b>170,689.9</b>	<b>221.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	8,567.9	10,475.4	12,046.8	10,844.0	3.5
Contractual Services	2,184.9	3,053.4	5,368.0	5,311.3	73.9
Other	45,822.2	29,376.5	30,562.5	109,502.2	272.8
Other Financing Uses	8,513.5	10,227.1	11,980.1	45,032.4	340.3
<b>TOTAL USES</b>	<b>65,088.5</b>	<b>53,132.4</b>	<b>59,957.4</b>	<b>170,689.9</b>	<b>221.3</b>
<b>FTE</b>					
Permanent	109.0	109.0	130.0	115.0	5.5
<b>TOTAL FTE</b>	<b>109.0</b>	<b>109.0</b>	<b>130.0</b>	<b>115.0</b>	<b>5.5</b>

**At A Glance**

The Office of Superintendent of Insurance (OSI), which receives no general fund revenue, requested a total increase of \$5 million, or 12.8 percent compared with the FY23 operating budget. The request transferred \$1.8 million and 15.5 FTE from the Insurance Policy Program to a newly created Insurance Fraud and Auto Theft Program, which will increase budget transparency and enable the agency to secure federal funding for the program. Of the \$5 million requested increase, approximately \$1.8 million was in expansions for new authorized FTE. The request also increased the Patient's Compensation Fund Program by \$1.4 million to prevent submitting a budget adjustment request to manage the fund.

The LFC recommendation supports the transfer of the Insurance Fraud and Auto Theft Division to its own program and increases budgeted fee revenue to the program by approximately \$1 million for a special agent position, training for employees, and transfers to other agencies. For the Insurance Policy Program, the recommendation supports 5 of the 16 requested FTE for the agency's top priorities, including a manager for the healthcare affordability fund, a pharmacist, a compliance officer for the managed healthcare bureau, an actuary, and a state investigator. The committee also recommends budgeting a total of \$113.51 million from the healthcare affordability fund (comprising of \$79.2 million for the agency's health care cost initiatives and \$34.3 million to the Human Services Department for recurring Medicaid expansion population costs) in the agency's operating budget rather than as a special appropriation. The recommendation supports the agency request for the Patient's Compensation Fund Program.

**Budget Issues**

The Office of Superintendent of Insurance (OSI) operating budget is primarily composed of other revenues from various insurance fees and taxes. Other state funds not passed through to other agencies or used for the operating budget throughout the fiscal year revert to the general fund. Throughout FY21 and FY22, OSI created resources for consumers affected by devastating wildfires in the state, including assisting individuals with filing claims and mandating that insurance providers remove barriers to accessing emergency aid.

**Insurance Policy** .The Insurance Policy Program includes the Insurance Operations and Title Insurance bureaus. The agency request removed 15.5 FTE and \$1.8 million from the program to create a stand-alone program for Insurance Fraud and Auto Theft but requested a total of 16 FTE and \$1.3 million in new positions for the program, including compliance officers, paralegals, pharmacists, a business operations specialist, program coordinators, and an actuary.

**New Mexico Mutual.** The Legislature created New Mexico Mutual more than 20 years ago to enable a competitive market for employers to obtain workers' compensation insurance. New Mexico Mutual, the state's largest provider of workers' compensation insurance performed well during 2021, reaffirming its "A-" (Excellent) rating and "stable" outlook for 2022 according to A.M. Best. New Mexico Mutual closed 2021 with 8,323 policies placed with employers throughout New Mexico, more than ever before, and anticipates further growth in 2022.

**Healthcare Affordability Fund.** Laws 2021, Chapter 136 placed a moratorium on out-of-pocket costs for mental health services for state-regulated plans. The legislation also created a healthcare affordability fund (HCAF), funded through a 2.75 percent increase on the health insurance premium surtax rate collected by the Tax and Revenue Department that can be used to reduce premiums and out-of-pocket healthcare costs for New Mexicans who qualify for coverage, reduce premiums for small businesses and their employees, and provide resources for planning, design, and implementation of healthcare coverage initiatives. Though the Tax and Revenue Department collects the surtax, the Superintendent of Insurance is charged with managing the fund, including annual reporting to the Legislature, creating affordability criteria, and submitting a plan to extend healthcare access to uninsured New Mexicans.

During the 2022 regular legislative session, the Legislature appropriated a total of \$58 million for cost-reduction initiatives, including \$30 million to reduce insurance premiums for small businesses and \$28 million for cost-sharing and transitioning uninsured individuals from Medicaid. The Legislature also appropriated \$31.7 million from the HCAF for recurring Medicaid expenses. For FY24, the Office of the Superintendent of Insurance submitted a revised special appropriation request to budget \$92.01 million from the HCAF to expand existing initiatives and create new ones. The request included \$10.4 million for premium assistance, \$15.7 million for out-of-pocket assistance, \$38.6 million for small business premium relief, \$22.8 million for coverage for uninsured residence, and \$3.42 million for administration of the programs.

The consensus revenue estimate group projects approximately \$121.6 million in surtax revenue to the fund in FY24 but a 37 percent reduction in revenue in FY25 per statute, which splits revenue between the HCAF and the general fund. In addition to the scheduled revenue change, the Taxation and Revenue Department has struggled to accurately report surtax revenue to the fund, further complicating accurately projecting the fund's ability to support quickly growing initiatives. The committee does not recommend funding recurring cost-reduction initiatives through one-time special appropriations, and instead includes \$113.51 million in HCAF revenue, comprising \$79.2 million for the agency's healthcare cost initiatives (including \$10 million for coverage plans for individuals not eligible for other affordable options, such as undocumented individuals) and \$34.3 million transfer to the Human Services Department for Medicaid costs for the expansion population, in OSI's operating budget. The state has significantly reduced the uninsured population by taking advantage of coverage options for childless adults under 135 percent of the federal poverty level, offered through Medicaid as part of the federal Affordable Care Act.

The LFC recommendation funds 5 additional FTE, including a healthcare affordability fund manager, a pharmacist, a state investigator, a compliance officer for the Managed Healthcare Bureau, and an actuary, all top priorities for the agency. The recommendation also supports the agency request to transfer 15.5 FTE and \$1.8 million from the Insurance Policy Program to the Insurance Fraud and Auto Theft Program. Including the increase from the healthcare affordability fund, the LFC recommendation increases revenue to the program by \$121 million.

**Special Revenues** .The agency request included a \$2.3 million increase in other revenues and other financing uses for a generally accepted accounting principles (GAAP) adjustment, for a total of \$11.09 million in other revenues. The Legislature approved a special revenues program in FY14 to allow revenues from other state funds to flow into the operating budget and then out to the two, now three, programs. The funding associated with the Special Revenues Program does not increase the overall expenditure authority; instead, it budgets revenue to show transfers in and transfers out, resulting in total revenue being "double counted." For FY24, the Legislative Finance Committee recommendation includes an additional \$1 million in fee revenue to the Special Revenue Program, approximately \$600 thousand to support expansion FTE and \$400 thousand for transfers to other state agencies. LFC recommends discontinuing the use of the Special Revenue Program in FY25 to streamline the budgeting process.

**Patient's Compensation Fund** .The Patient Compensation Fund (PCF) Program is a flow-through expenditure program that pays malpractice settlements for member physicians and hospitals. Established under the New Mexico Medical Malpractice Act, the program provides affordable malpractice coverage that caps the amount of damages awarded against the member healthcare providers. The fund's solvency has been a concern in recent years because the amount of court-ordered settlements increased. In addition to increased settlements, Laws 2021, Chapter 16, amended the Medical Malpractice Act to include new providers eligible for participation in the PCF, raise the required underlying coverage limit from \$200 thousand to \$250 thousand, and increase the cap on non-medical damages for independent providers from \$600 thousand to \$750 thousand in 2022, with an inflation adjustment annually thereafter.



Laws 2021, Chapter 16 also requires that the patient compensation fund deficit be eliminated by January 1, 2027. The fund has a projected deficit of almost \$69 million despite a \$30 million infusion of state funds during the 2022 regular session. According to a September 2022 actuarial report, OSI would need to issue a 32 percent surcharge increase to meet solvency requirements, which could potentially push physicians out of the PCF or, worse, out of the state. Instead, the superintendent issued a 10 percent surcharge increase on hospital and physician contributions to the PCF coupled with proposed changes to the Medical Malpractice Act that would result in cost-savings to the fund. Suggested statute changes include limiting “medical care and related benefits” only to amounts actually paid by or on behalf of an injured patient and accepted by a healthcare provider in payment of charges, clarifying what constitutes a “reasonable charge,” and permitting examinations to determine the necessity of future medical care. In addition to the proposed legislative changes, OSI will request a second general fund infusion of \$32.5 million to the fund. The committee may consider additional one-time funding to the PCF contingent on amendments to the Medical Malpractice Act to meet solvency requirements.

The FY24 budget request increased other revenues to the Patient Compensation Fund Program by almost \$1.5 million entirely for contract management of the fund. The agency entered into a \$1.3 million contract with Integrion in 2021 to manage the patient’s compensation fund, and submitted a budget adjustment request to secure the necessary funding. The agency projects the contract amount to increase to \$1.46 million in FY24. The LFC supports the agency request to budget the fund management expenses rather than submit mid-year budget adjustment requests.

**Insurance Fraud and Auto Theft** .The FY24 budget request transferred the Insurance Fraud Bureau from the Insurance Policy Program to a new, stand-alone program. According to the agency, creating a new program will help the agency secure federal funding to reduce insurance fraud and auto theft and enable more transparent budgeting. The request included transferring \$1.8 million and 15.5 FTE formerly in the Insurance Policy Program to the division and increased funding to the program. The requested increase included \$375 thousand in budgeted fund balance from grants, \$477 thousand in budgeted fees for training and certification for special agents, and \$411.2 thousand in outgoing grants to other agencies to assist with fraud and auto theft. The request also included four expansion positions for a project coordinator, a special agent, an insurance fraud analyst, and a paralegal. The LFC recommendation supports the transfer from the Insurance Policy Program, \$411.2 thousand in outgoing transfers to other agencies, the newly budgeted fund balance, and \$150 thousand for training and certification for special agents for a total increase of just over \$1 million, or 56 percent.

### Base Expansion

The Office of Superintendent of Insurance requested \$1.8 million and 16 authorized expansion FTE.

#### BASE EXPANSION LISTING FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Actuary-B	P795	79.3	79.3
0	Business Operations Specialist-O	P795	64.1	0.0
0	Compliance Officer-A	P795	317.2	79.3
0	Compliance Officer-O	P795	64.1	0.0
0	Data Analyst I	P798	89.7	0.0
0	Executive Secretary & Admin Assist-O	P795	62.0	0.0
0	Financial Examiner Advance	P795	89.7	0.0
0	Legal Assistant/Paralegal	P795	68.9	0.0
0	Management Analyst-A	P795	79.3	0.0
0	Paralegal and Legal Assistant	P798	68.9	0.0
0	Pharmacist II	P795	164.5	164.5
0	Program Coordinator II	P795	200.0	100.0
0	Project Coordinator II	P798	100.0	0.0
0	Special Agent	P798	197.8	98.9
0	State Investigator	P795	79.3	79.3
0	To reconcile to other transfers	P790	1,247.7	0.0
0	Training and Development Specialist-A	P795	79.3	0.0
<b>TOTAL</b>			<b>3,051.8</b>	<b>601.3</b>

**SPECIAL REVENUES****BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	17,271.7	8,793.8	11,091.1	9,843.4	11.9
<b>TOTAL SOURCES</b>	<b>17,271.7</b>	<b>8,793.8</b>	<b>11,091.1</b>	<b>9,843.4</b>	<b>11.9</b>
<b>USES</b>					
Contractual Services	67.1	0.0	0.0	0.0	0.0
Other	0.2	0.0	0.0	0.0	0.0
Other Financing Uses	7,080.2	8,793.8	11,091.1	9,843.4	11.9
<b>TOTAL USES</b>	<b>7,147.5</b>	<b>8,793.8</b>	<b>11,091.1</b>	<b>9,843.4</b>	<b>11.9</b>

**INSURANCE POLICY**

The purpose of the insurance policy program is to ensure easy public access to reliable insurance products that meet consumers' needs and are underwritten by dependable, reputable, financially sound companies that charge fair rates and are represented by trustworthy, qualified agents, while promoting a positive competitive business climate.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	8,513.5	10,197.9	11,980.1	11,134.8	9.2
Other Revenues	9,694.5	4,645.2	2,866.9	116,376.9	2,405.3
Fund Balance	0.0	500.0	0.0	0.0	(100.0)
<b>TOTAL SOURCES</b>	<b>18,208.0</b>	<b>15,343.1</b>	<b>14,847.0</b>	<b>127,511.7</b>	<b>731.1</b>
<b>USES</b>					
Personal Services and Employee Benefits	7,157.1	10,437.0	9,953.6	9,108.3	(12.7)
Contractual Services	1,175.6	2,457.2	2,873.5	2,873.5	16.9
Other	820.3	1,832.1	1,814.3	81,024.3	4,322.5
Other Financing Uses	205.6	616.8	205.6	34,505.6	5,494.3
<b>TOTAL USES</b>	<b>9,358.6</b>	<b>15,343.1</b>	<b>14,847.0</b>	<b>127,511.7</b>	<b>731.1</b>
<b>FTE</b>					
Permanent	94.8	108.8	109.7	98.7	(9.3)
<b>TOTAL FTE</b>	<b>94.8</b>	<b>108.8</b>	<b>109.7</b>	<b>98.7</b>	<b>(9.3)</b>

**Recommended Language**

The internal services funds/interagency transfers appropriations to the insurance policy program include thirty-four million three hundred thousand dollars from the health care affordability fund to the medical assistance program of the human services department for medicaid expansion population.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Total number of lives directly impacted by the office of superintendent of insurance's health care affordability initiatives	N/A	N/A	N/A	N/A	N/A
Outcome	Total reduction in out-of-pocket costs under the office of superintendent of insurance's health care affordability initiatives	N/A	N/A	N/A	N/A	N/A
Outcome	Total reduction in premium costs under the office of superintendent of insurance's health care affordability initiatives	N/A	N/A	N/A	N/A	N/A
Output	Number of prosecutor referrals that resulted in adjudicatory action	N/A	N/A	N/A	N/A	N/A
Output	Percent of complaints closed within one hundred eighty days of filing and not re-opened by the consumer assistance bureau	N/A	N/A	N/A	N/A	N/A
Output	Percent of complaints closed within one hundred eighty days of filing and not re-opened or referred for enforcement action by the civil Investigations bureau	N/A	N/A	N/A	N/A	N/A
Output	Percent of criminal division referrals processed	N/A	N/A	N/A	N/A	N/A
Output	Percent of referrals declined for further action	N/A	N/A	N/A	N/A	N/A
Output	Percent of referrals recommended for further administrative action	N/A	N/A	N/A	N/A	N/A
Output	Percent of referrals recommended for prosecution	N/A	N/A	N/A	N/A	N/A
Output	Percent of internal and external insurance-related grievances closed within 180 days of filing by the managed healthcare bureau	98%	92%	95%	90%	95%
Output	Percent of producer applications, appointments and renewals processed within ten business days	N/A	N/A	N/A	N/A	N/A
Efficiency	Percent of form and rate filings processed within ninety days within the life and health bureau	99%	99%	97%	97%	97%
Efficiency	Percent of form and rate filings processed within 90 days within the property and casualty bureau	99%	100%	99%	99%	99%
Output	Number of managed healthcare outreach activities conducted annually	30.0	47.0	20.0	20.0	20.0
Efficiency	Percent of insurance division interventions conducted with domestic and foreign insurance companies when risk-based capital is less than two hundred percent	100%	100%	100%	100%	100%
Efficiency	Percent of criminal division complaints processed and recommended for either further administrative action or closure within ninety days	100%	100%	1,000,000%	100%	100%
Explanatory	Auto theft rate ranking among the fifty states	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of cases prosecuted by the criminal division	54.0	120.0	N/A	N/A	N/A
Explanatory	Number of life and health rate filings reviewed	469.0	493.0	N/A	N/A	N/A
Outcome	Dollars saved or recovered for consumers by the consumer assistance bureau	\$1,244,284	\$2,434,671	\$1,244,284	\$1,500,000	\$1,500,000
Explanatory	Number of cases referred to the criminal division	26.0	964.0	N/A	N/A	N/A
Output	Number of examinations conducted	7.0	9.0	7.0	5.0	7.0
Output	Number of inspections performed by the title insurance bureau	114.0	75.0	50.0	75.0	75.0
Explanatory	Number of complaints received by the investigations bureau for which enforcement action is taken	135.0	11.0	N/A	N/A	N/A
Explanatory	Auto thefts per 100,000 population	N/A	N/A	N/A	N/A	N/A

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Number of property and casualty rate filings reviewed	438.0	312.0	N/A	N/A	N/A
Explanatory	Dollars saved or recovered for consumers by the managed health care bureau	\$565,072	\$209,782	N/A	N/A	N/A
Output	Number of consumer complaints received by the consumer assistance bureau	714.0	740.0	700.0	700.0	700.0
Explanatory	Number of grievances received by the managed health care bureau	541.0	565.0	N/A	N/A	N/A
Explanatory	Number of complaints received by the investigations bureau	386.0	64.0	N/A	N/A	N/A
Efficiency	Percent of insurance fraud bureau complaints processed and recommended for either further criminal actions/prosecutions or closure within sixty days	6%	100%	5%	100%	100%
Output	Percent of domestic company examination reports adopted within 18 months of the examination period	100%	100%	100%	100%	100%

**PATIENT'S COMPENSATION FUND**BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	59,225.9	28,995.5	30,455.9	30,455.9	5.0
<b>TOTAL SOURCES</b>	<b>59,225.9</b>	<b>28,995.5</b>	<b>30,455.9</b>	<b>30,455.9</b>	<b>5.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	136.9	38.4	38.4	38.4	0.0
Contractual Services	926.4	596.2	2,292.7	2,292.7	284.6
Other	44,653.9	27,544.4	27,852.6	27,852.6	1.1
Other Financing Uses	816.5	816.5	272.2	272.2	(66.7)
<b>TOTAL USES</b>	<b>46,533.7</b>	<b>28,995.5</b>	<b>30,455.9</b>	<b>30,455.9</b>	<b>5.0</b>
<b>FTE</b>					
Permanent	0.2	0.2	0.2	0.2	0.0
<b>TOTAL FTE</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Patients' compensation fund actuarial deficit, in millions	55,108,285.0	(42,731,638.0)	N/A	N/A	N/A
Efficiency	Percent of required reports submitted timely to the national practitioner data bank	96%	98%	95%	95%	95%
Efficiency	Percent of required reports submitted timely to the centers for medicare and medicaid services	94%	100%	95%	95%	95%
Efficiency	Audit of all uploaded transactions within twenty four hours	99.0	100.0	95.0	95.0	95.0

**Statutory Authority**

The Medical Practice Act, Sections 61-6-1 through 61-6-29 NMSA 1978, establishes the Medical Board. The state agency is responsible for regulating and licensing physicians, physician assistants, anesthesiologist assistants, genetic counselors, polysomnographic technologists, and naprapaths. The nine-member board is appointed by the governor to staggered four-year terms. The board consists of nine governor-appointed members, six physicians, two members of the public, and one physician's assistant and holds four regular meetings per year.

**Mission**

The mission of the medical board is to protect the public from the improper, unprofessional, incompetent, and unlawful practice of medicine by implementing and enforcing the laws and regulations controlling the granting and use of the privilege to practice medicine.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	2,810.6	2,580.7	2,799.7	2,799.7	8.5
Fund Balance	0.0	200.0	460.5	460.5	130.3
<b>TOTAL SOURCES</b>	<b>2,810.6</b>	<b>2,780.7</b>	<b>3,260.2</b>	<b>3,260.2</b>	<b>17.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,237.7	1,706.6	1,673.3	1,673.3	(2.0)
Contractual Services	594.3	650.0	975.8	975.8	50.1
Other	357.1	424.1	611.1	611.1	44.1
<b>TOTAL USES</b>	<b>2,189.1</b>	<b>2,780.7</b>	<b>3,260.2</b>	<b>3,260.2</b>	<b>17.2</b>
<b>FTE</b>					
Permanent	19.0	19.0	19.0	19.0	0.0
<b>TOTAL FTE</b>	<b>19.0</b>	<b>19.0</b>	<b>19.0</b>	<b>19.0</b>	<b>0.0</b>

**At A Glance**

The Medical Board requested an increase of 17 percent above the FY23 operating budget. The board's request increased licensing fee revenues and use of fund balances. The board request decreased personnel spending by \$33 thousand, or 2 percent. A majority of the requested increase in contractual services and the other category is for IT services to enhance the board's licensure system.

The agency requested an increase in the use of fund balance in the operating budget in FY24. The committee recommendation supports the requested use of fund balance. Fund balances at the close of FY23 are projected at nearly \$1.1 million. The board received \$2.8 million in revenues over the past several fiscal years, while expenditures were closer to \$2.2 million, resulting in a growing fund balance. The Medical Board met three of seven performance targets in FY22. The agency issued over 5,269 physician licenses and renewals in FY22, 1,408 above the previous fiscal year.

As of September 2022, the board had three investigators and one attorney. In FY18, the board opened 319 total cases, including 93 board-initiated complaints; in FY19, 356 total cases were opened, including 114 board-initiated complaints; in FY20, of the 296 total complaints, 102 were initiated by the board. In FY21, of the 326 total complaints, 72 were initiated by the board. In FY22, the board received 305 complaints, 93 of which were initiated by the board. As of September 2022, the board had 156 cases open, of which 69 carried over from previous fiscal year. The board previously reported the complexity of the type of cases being investigated has increased as well. Board complaints have included gross negligence in medical treatment, sexual misconduct, injudicious prescribing, injudicious prescribing leading to death or nonfatal overdose, substance abuse, and other significant patient harm.

**MEDICAL BOARD**

The purpose of the licensing and certification program is to provide regulation and licensure to healthcare providers regulated by the New Mexico medical board and to ensure competent and ethical medical care to consumers.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Number of entities provided with information through written license verification and website access	1,536,132.0	2,013,505.0	1,500,000.0	1,500,000.0	1,750,000.0
Output	Number of triennial physician licenses issued or renewed	3,861.0	5,269.0	4,100.0	4,100.0	5,000.0
* Output	Number of biennial physician assistant licenses issued or renewed	517.0	621.0	500.0	550.0	600.0
Output	Number of complaints closed within the fiscal year	198.0	222.0	250.0	250.0	250.0
Output	Number of participants in monitored treatment programs	34.0	37.0	60.0	60.0	60.0
* Outcome	Number of days to issue a physician license	62.0	61.0	55.0	55.0	50.0
Explanatory	Number of licensees contacted regarding high-risk prescribing and prescribing monitoring program compliance, based on the board of pharmacy prescription monitoring program reports	510.0	432.0	N/A	N/A	N/A

**Statutory Authority**

The Nursing Practice Act, Sections 61-3-1 through 61-3-31 NMSA 1978, establishes the seven-member Board of Nursing to regulate schools and practice.

**Mission**

The mission of the Board of Nursing is to regulate nursing practice, nursing education, medication aide practice, and education and hemodialysis practice and education in the interest of public health, safety, and welfare.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	201.2	0.6	201.5	201.5	33,483.3
Other Revenues	3,057.1	2,849.0	3,058.4	3,058.4	7.3
Fund Balance	0.1	597.9	591.6	591.6	(1.1)
<b>TOTAL SOURCES</b>	<b>3,258.4</b>	<b>3,447.5</b>	<b>3,851.5</b>	<b>3,851.5</b>	<b>11.7</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,917.8	2,388.5	2,536.3	2,536.3	6.2
Contractual Services	26.3	54.4	84.4	84.4	55.1
Other	637.7	954.6	980.8	980.8	2.7
Other Financing Uses	236.2	50.0	250.0	250.0	400.0
<b>TOTAL USES</b>	<b>2,818.0</b>	<b>3,447.5</b>	<b>3,851.5</b>	<b>3,851.5</b>	<b>11.7</b>
<b>FTE</b>					
Permanent	25.0	27.0	27.0	27.0	0.0
<b>TOTAL FTE</b>	<b>25.0</b>	<b>27.0</b>	<b>27.0</b>	<b>27.0</b>	<b>0.0</b>

**At A Glance**

The board requested and the committee recommends an 11 percent increase. The board increased revenues from other transfers and other revenues closer to align with FY22 actual revenues. The board request reduced the vacancy rate by increasing spending on personnel by \$147.8 thousand, which would allow the board to fill 2 additional FTE. As of October 2022, 22 of the board's 27 FTE were filled. The agency request for contracts increased significantly from the FY23 operating budget for attorney services to reduce a case backlog. The board has reported a backlog of 160 cases and is at risk of six to 10 cases each month exceeding the statutory two-year timeline for board action. Additionally, other costs increased for leased office space. The board must move to new lease space by May 31, 2023. The board, with the General Services Department, explored the possibility of moving to state-owned space in Albuquerque; however, no space was available.

**Budget Issues**

The Board of Nursing provides for grants to higher education institutions and other organizations to enhance recruitment, retention, employment, and educational opportunities for professional nurses. In FY23, the Center for Nursing Excellence was granted funding for 20 \$1,000 scholarships. According to the Board of Nursing, Native Americans represent 11 percent of New Mexico's population and 5 percent of licensed nurses. The board granted awards to the New Mexico Native American Indian Nurses Association that should fund 22 \$2,000 scholarships to higher education institutions.

The board request for grants in FY24 was relatively flat with the previous fiscal year. The board's projected operating fund balance is estimated to be \$1 million at the close of next fiscal year. Given historical licensing fees, revenue collections, and healthy fund balances, the LFC recommendation fully funds the agency's request.

The board's performance was mixed in FY22. For example, while the board logged and initiated investigations within required timeframes, it only investigated and presented 75 percent of low-and medium-priority complaints to the board within six months, up from 60 percent in the previous fiscal year. However, the board was only able to contact 207 advance practice nurses regarding high-risk prescribing and prescriptions monitoring program compliance, below the 300 needed to meet targeted performance.

Many areas of New Mexico are short on nurses. The number of certified nurse practitioners practicing in New Mexico in 2022 was 4,338, an increase of 380 from the practitioners in 2020. However, there were 31,132 registered nurses in New Mexico, a decrease of 1,373. The board reported anecdotal information the decline in registered nurses is a result of retirements from the field.

In the 2022 legislative session, the Legislature heavily invested in expansion of nursing programs. Increased appropriations included \$15 million for nurse expansion programs. As of late 2022, programs statewide submitted requests for funding to the Higher Education Department for both recurring and nonrecurring use of this funding. Approximately \$10 million of the total amount was used for recurring purposes while \$5 million was used for non-recurring items, such as simulation lab equipment. Additionally, \$30 million was appropriated for nursing faculty endowments. This funding was distributed to higher education institutions statewide to fund additional faculty positions.

New Mexico higher education institutions offer several different levels of nursing programs to their students. Nursing programs are defined by the level of degree, (associate, bachelor's, master's, or doctoral), as well as the licensure type. Both an associate's degree in nursing and a bachelor's degree in nursing (BSN) may lead to licensure as a registered nurse (RN). Many employers require a BSN degree rather than an ASN. Currently, Central New Mexico, Santa Fe Community College, San Juan College, and all three University of New Mexico (UNM) branches offer a bachelor's degree in nursing degree. However, UNM proposes to discontinue its master of science in nursing and offer a post-bachelor's doctorate in nursing practice. New Mexico State University (NMSU) continues to offer a master of science in nursing leadership and administration. Finally, UNM and NMSU offer bachelor's degree in nursing to doctorate in nurse practitioner (DNP) degrees. The DNP program allows students to specialize in family nurse practitioner, psychiatric nurse practitioner, nurse-midwifery, and similar fields. However, the move toward DPN extends the timeline for nurses to enter the field and effectively reduces the nurse workforce.

### BOARD OF NURSING

The purpose of the licensing and certification program is to provide regulations to nurses, hemodialysis technicians, medication aides and their education and training programs so they provide competent and professional healthcare services to consumers.

#### PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Percent of complaints logged and investigations initiated within two business days of receipt of written complaint	92%	93%	98%	90%	98%
Output	Percent of low and medium priority complaints investigated and presented to the board of nursing within six months	75%	88%	65%	60%	88%
Efficiency	Percent of unlicensed assistive personnel and nursing education program reviews completed within forty-five days of the program review requirements	100%	100%	97%	97%	97%
Explanatory	Number of licensed practical nurse licenses active on June 30	2,835.0	2,441.0	N/A	N/A	N/A
Explanatory	Number of registered nurse licenses active on June 30	32,505.0	31,132.0	N/A	N/A	N/A
Explanatory	Number of certified nurse practitioner licenses active on June 30	3,958.0	4,338.0	N/A	N/A	N/A
Explanatory	Number of clinical nurse specialist licenses active on June 30	104.0	87.0	N/A	N/A	N/A
* Explanatory	Number of certified registered nurse anesthetist licenses active on June 30	683.0	627.0	N/A	N/A	N/A



## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Number of certified hemodialysis technicians 1 and 2 licenses active on June 30	723.0	635.0	N/A	N/A	N/A
Explanatory	Number of certified medication aid 1 and 2 licenses active on June 30	461.0	375.0	N/A	N/A	N/A
Explanatory	Number of lactation care providers licenses active on June 30	36.0	47.0	N/A	N/A	N/A
* Output	Number of advanced practice nurses contacted regarding high-risk prescribing and prescription monitoring program compliance, based on the pharmacy board's prescription monitoring program reports	207.0	231.0	300.0	300.0	300.0
Explanatory	Number of nursing education site visits completed	1.0	7.0	N/A	N/A	N/A

**Statutory Authority**

The State Fair and State Fair Commission are established in, and governed by, Section 16-16-1 through 16-6-31 NMSA 1978.

**Mission**

The mission of the State Fair is to professionally operate year-round events and entertainment and to maintain event venues for public use and benefit that help build the infrastructure for the annual New Mexico State Fair event.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	285.0	200.0	200.0	375.0	87.5
Other Transfers	10.7	0.0	0.0	0.0	0.0
Other Revenues	9,171.5	14,388.1	14,970.0	14,388.1	0.0
<b>TOTAL SOURCES</b>	<b>9,467.2</b>	<b>14,588.1</b>	<b>15,170.0</b>	<b>14,763.1</b>	<b>1.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	6,339.4	7,798.1	8,100.2	7,798.1	0.0
Contractual Services	2,920.9	3,260.0	3,260.0	3,435.0	5.4
Other	3,393.2	3,530.0	3,809.8	3,530.0	0.0
<b>TOTAL USES</b>	<b>12,653.5</b>	<b>14,588.1</b>	<b>15,170.0</b>	<b>14,763.1</b>	<b>1.2</b>
<b>FTE</b>					
Permanent	32.0	35.0	35.0	35.0	0.0
<b>TOTAL FTE</b>	<b>32.0</b>	<b>35.0</b>	<b>35.0</b>	<b>35.0</b>	<b>0.0</b>

**At A Glance**

The New Mexico State Fair requested a \$581.9 thousand, or 4 percent, increase in revenues primarily from carnival rides, admissions, parking, and food and beverage sales. About half the requested increase would go toward personnel spending and the other half for increased utility costs.

Because the fair received supplemental funding for FY21 and FY22 and is projecting a need for supplemental funding for FY23, the LFC recommendation minimally increases the fair's budget. Because the State Fair's total revenue in FY22 was only \$10 million and total expenditures were \$12.5 million, the fair should wait one year to project revenue for post pandemic times and determine whether increased appropriations are needed at that time. LFC also recommends \$175 thousand more from the general fund than was requested for an African American Performing Arts Center staffing and maintenance.

**Budget Issues**

In FY21 the State Fair accrued costs from salaries and maintenance but only received \$1.7 million in revenue because it was not able to open due to the Covid-19 pandemic, resulting in a substantial shortfall. For FY22 the agency continued to operate at a loss, but less so. Because of this, during the 2021 and 2022 sessions, the State Fair received \$4.2 million and \$5.5 million in supplemental appropriations to make up for lost revenue. The \$4.2 million the fair received in 2021 covered a deficiency from FY20 and did not cover all of the FY21 shortfall, so some of the \$5.5 million from the 2022 session was used to cover the FY21 deficiency. About \$2.7 million was used to cover the cost of the FY22 shortfall; about \$60 thousand remains.

For FY23, the fair is projecting a \$3 million shortfall and blames it on the slow recovery of entertainment acts and exposition shows, with fewer vendors coming to the state post pandemic. Additionally, the fair employs a number of temporary staff whose salaries increased from \$8 hourly in FY19 to the new minimum wage of \$12 hourly in FY23. These staff are not subject to the statewide \$15 hourly mandate because they are not part of the state personnel system. The disconnect between the fair's revenues and expenditures seems to be growing, and outside of the additional \$175 thousand in general fund revenue, it does not make sense to grow the budget and spending authority at this time.

In FY22, the state moved funding for programs and exhibits at the African American Performing Arts Center from the budget of the Office of African American Affairs to the State Fair's budget. The committee supports the request for \$200 thousand in general fund revenue for performance center operations for FY24. The committee also recommends an additional \$175 thousand for staffing and maintenance.

Between FY18 and FY22, the fair received a total of \$18.5 million in severance tax bond proceeds for capital projects. As of August 2022, the fair spent about \$4.8 million of this funding, and a \$13.8 million balance remains.

The State Fair's FY21 financial audit included two findings because the agency's accounting for fixed assets had not been reconciled on a timely basis, causing a delay in the audit. In response to the finding, the fair says it will now begin reconciling accounts on a quarterly basis to ensure a timely audit in the future.

The recommended performance targets for the fair are more than double FY22 performance levels and are closer to FY20 performance levels, the most recent year pre pandemic data is available.

### **NEW MEXICO STATE FAIR**

The purpose of the state fair program is to promote the New Mexico state fair as a year-round operation with venues, events and facilities that provide for greater use of the assets of the agency.

### **Recommended Language**

The general fund appropriations to the New Mexico state fair include three hundred seventy-five thousand dollars (\$375,000) for the African American performing arts center operations and staffing.

### **PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Outcome	Percent of surveyed attendees at the annual state fair event rating their experience as satisfactory or better	0%	87%	95%	95%	95%
Output	Percent of counties represented through exhibits at the annual state fair	0%	40%	100%	100%	100%
* Output	Number of paid attendees at annual state fair event	0.0	185,494.0	430,000.0	430,000.0	430,000.0
Output	Number of total attendees at annual state fair event	0.0	275,467.0	500,000.0	500,000.0	500,000.0

**Statutory Authority**

The Engineering and Surveying Practice Act, Sections 61-23-1 through 61-23-32 NMSA 1978, establishes a 10-member State Board of Licensure for Professional Engineers and Professional Surveyors to administer and exercise the authority granted by the act, including licensure and oversight. The 10 members, appointed by the governor to staggered five-year terms, meet regularly every other month.

**Mission**

The mission of the State Board of Licensure for Engineers and Land Surveyors is to regulate practices of engineering and surveying in the state as they relate to the welfare of the public in safeguarding life, health, and property.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	0.8	0.0	0.8	0.8	0.0
Other Revenues	1,077.5	988.1	1,048.1	1,048.9	6.2
Fund Balance	0.0	305.7	192.5	312.5	2.2
<b>TOTAL SOURCES</b>	<b>1,078.3</b>	<b>1,293.8</b>	<b>1,241.4</b>	<b>1,362.2</b>	<b>5.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	551.9	678.8	666.4	667.2	(1.7)
Contractual Services	101.9	296.1	331.1	331.1	11.8
Other	220.5	318.9	243.9	363.9	14.1
<b>TOTAL USES</b>	<b>874.3</b>	<b>1,293.8</b>	<b>1,241.4</b>	<b>1,362.2</b>	<b>5.3</b>
<b>FTE</b>					
Permanent	8.0	8.0	8.0	8.0	0.0
<b>TOTAL FTE</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>0.0</b>

**At A Glance**

The board requested a budget of \$1.24 million for FY24, which represented an overall budget decrease of 4.2 percent. The board has 8 authorized FTE and is fully staffed. The committee supports the board's request and increases revenue from fund balance for scholarships to higher education institutions. As of August 2022, the board's fund balance was \$1.2 million. The board requested to increase spending in contractual services by \$35 thousand, or 11.8 percent, for investigative services to increase the percentage of cases resolved through compliance or legal action. The board's personnel costs decreased by \$12.4 thousand, or 1.8 percent, to match agency projections.

The Board of Licensure for Engineers and Surveyors sunsets in FY24 and the LFC Sunrise Sunset Subcommittee moved to extend the sunset date of the board by six years, to July 1, 2029, pending appointments to fill four board vacancies. As of October 2022, the Office of the Governor was vetting the board's open surveyor position. The remaining three positions are holdovers, one of which is scheduled for reappointment, leaving two board positions to be replaced. The committee recommends a 100 percent increase in the board's scholarship program from the board's cash balance. The recommendation increases funding for the scholarship program from \$120 thousand in FY23 to \$240 thousand in FY24. Funds are awarded directly to the University of New Mexico, New Mexico State University, and New Mexico Technical University. In FY22, there were 10,301 active licensed surveyors and engineers in New Mexico, 9,759 professional engineers, and 528 professional surveyors. Fourteen professionals are licensed in both professions.

**STATE BOARD OF LICENSURE FOR ENGINEERS & LAND SURVEYORS**

The purpose of the regulation and licensing program is to regulate the practices of engineering and surveying in the state as they relate to the welfare of the public in safeguarding life, health and property and to provide consumers with licensed professional engineers and licensed professional surveyors.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Efficiency	Number of days from receipt of application to issuance of license	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of consumers requesting information who are provided with information	100%	100%	100%	100%	100%
Output	Number of licenses or certifications issued within one year	655.0	1,039.0	700.0	700.0	700.0
Efficiency	Percent of cases resolved through compliance or legal action within one year	7%	15%	50%	50%	50%
Efficiency	The number of days from receipt of a complaint to delivery to the respective professional committee of the board	96.0	94.0	90.0	90.0	90.0

**Statutory Authority**

Sections 60-2E-1 through 60-2E-62 NMSA 1978, the Gaming Control Act, establishes the primary functions and authority of the Gaming Control Board (GCB). This authority includes licensing, regulation, and enforcement of the provisions of the act. GCB also monitors all activity authorized in the Indian gaming compacts (Section 11-13-1 NMSA 1978) and designates the tribal gaming representative. An executive director leads six divisions: Enforcement, Audit and Compliance, Information Systems, Administrative Services, Licensing, and Legal. The board consists of five members—a law enforcement representative, a certified public accountant member, an attorney, a public member, and the chairman of the State Racing Commission, who serves as an ex officio member.

**Mission**

The mission of the Gaming Control Board is to uphold the integrity of gaming regulations at licensed racetracks and nonprofit organizations and to monitor tribal gaming activity in the state. The Gaming Control Board qualifies gaming venues and their employees through a rigorous licensing and certification process and implements its statutory obligations through its Audit and Compliance, Enforcement, and Information Systems divisions. The agency structure is designed to ensure a fair and honest gaming environment, while recognizing the importance of gaming tax revenue to the New Mexico economy.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	5,205.7	6,105.9	6,899.2	6,411.2	5.0
Other Transfers	71.3	0.0	0.0	0.0	0.0
Fund Balance	2.4	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>5,279.4</b>	<b>6,105.9</b>	<b>6,899.2</b>	<b>6,411.2</b>	<b>5.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,420.5	4,410.6	5,062.3	4,610.6	4.5
Contractual Services	44.3	65.3	88.2	88.2	35.1
Other	1,725.6	1,630.0	1,748.7	1,712.4	5.1
<b>TOTAL USES</b>	<b>5,190.4</b>	<b>6,105.9</b>	<b>6,899.2</b>	<b>6,411.2</b>	<b>5.0</b>
<b>FTE</b>					
Permanent	52.0	52.0	52.0	52.0	0.0
<b>TOTAL FTE</b>	<b>52.0</b>	<b>52.0</b>	<b>52.0</b>	<b>52.0</b>	<b>0.0</b>

**At A Glance**

The Gaming Control Board (GCB) requested a general fund increase of \$793.3 thousand, or 13 percent, over its FY23 operating budget. The requested increase included \$651.7 thousand to reduce the vacancy rate and \$118.7 thousand for other services including, \$88.2 thousand for hearing officers, website support, and gaming enforcement. The committee recommends an overall increase of \$305.3 thousand, or 5 percent, over the FY23 operating budget.

**Budget Issues**

GCB's request of \$88.2 thousand for professional services contracts was comprised of \$20 thousand for hearing officers, \$6,200 thousand for annual web services, and a contractor to assist with standardizing agency procedures for the Enforcement Division. The request also included \$118.7 thousand for costs including travel, rent, IT agreements, board training, and employee training. GCB has included the salary for the licensing director position, and reports the position is currently vacant. The board has a funded vacancy rate of 24 percent with 10 vacant FTE and the LFC recommendation supports two of the six requested. One board position, the general council, also remains vacant.

In FY22, the gaming industry contributed \$136.3 million in revenue with \$67 million coming from gaming taxes from state-licensed operators and \$69.3 million from tribal revenue sharing. Over \$50.3 million was paid out in the form of horsemen's purses by the five licensed state racetrack casinos. The 18.9 percent of other net revenue requirements from nonprofit gaming operators to charitable contributions resulted in \$1.8 million paid to charitable and educational purposes in the past year. There are five racetrack operator licensees, 46 nonprofit gaming operators, two gaming distributors, 12 gaming manufacturers, five bingo distributors, 41 bingo operators, and six bingo manufacturers. Thirteen tribes operate 17 class III gaming tribal casinos, and four legacy casinos.

The GCB Enforcement program worked with the New Mexico Taxation and Revenue Department and Sandoval County Police Department in an investigation of an illicit underground gambling operation in the Rio Rancho area that was receiving \$700 thousand in untaxed and unregulated funds. The case is being prosecuted by the 13th Judicial District Attorney's office. The agency fell short on targets for percent of key and business license applications to be completed within 90 days of receipt, as well as staff permit license applications to be presented to the board within 30 days of receipt. The agency indicates the Regulation and Licensing Department and State Gaming Representative's Division will assist with license renewal applications to improve the processing time to improve GCB's ability to meet the targets for these performance measures.

### **GAMING CONTROL BOARD**

The purpose of the gaming control board is to provide strictly regulated gaming activities and to promote responsible gaming to the citizens of New Mexico so they can attain a strong level of confidence in the board's administration of gambling laws and assurance the state has competitive gaming free from criminal and corruptive elements and influences.

#### **PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Outcome	Percent of all tribal gaming quarterly revenue share verifications completed	N/A	N/A	N/A	N/A	N/A
Quality	Percentage of incidents reported to the central monitoring system help desk closed within three calendar days	98%	99%	96%	96%	99%
Outcome	Percent of work permit and work permit renewals processed within 45 business days	97%	94%	96%	96%	99%
Output	Percent of all tribal gaming operation inspections and reviews completed in one fiscal year	93%	100%	98%	98%	100%
Output	Percent of audit reports completed and mailed within thirty business days of completion of field work or desk compliance review	100%	90%	98%	95%	100%
Output	Average annual number of inspections conducted by each agent at assigned non-tribal venues	24.0	17.0	24.0	24.0	24.0
Output	Average annual number of inspections conducted by each agent at each assigned bingo and raffle location	7.0	3.0	6.0	0.0	7.0
Output	Percent of transported gaming software and devices inspected by agents	91%	99%	85%	85%	99%
Outcome	Percent of key and business license applications are to be completed and board presented within 90 days of receipt of application	86%	66%	90%	90%	90%
Outcome	Percent of staff permit license applications with complete information submitted by applicants and presented to the Board within 30 business days of receipt of the application	0%	61%	93%	93%	93%

**Statutory Authority**

The primary functions of the State Racing Commission, as defined in Sections 60-1-1 through 6-1-26 NMSA 1978, are to license horseracing industry participants, make rules and regulations surrounding the operations of race meets, and set race dates.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	2,343.4	2,590.9	2,813.4	2,669.0	3.0
Other Transfers	605.4	0.0	0.0	0.0	0.0
Other Revenues	1,541.6	1,000.0	1,000.0	1,000.0	0.0
Fund Balance	0.0	0.0	0.0	100.0	0.0
<b>TOTAL SOURCES</b>	<b>4,490.4</b>	<b>3,590.9</b>	<b>3,813.4</b>	<b>3,769.0</b>	<b>5.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,469.9	1,764.7	1,910.9	1,869.7	6.0
Contractual Services	844.8	1,569.9	1,569.9	1,569.9	0.0
Other	317.0	256.3	332.6	329.4	28.5
Other Financing Uses	578.1	0.0	0.0	0.0	0.0
<b>TOTAL USES</b>	<b>3,209.8</b>	<b>3,590.9</b>	<b>3,813.4</b>	<b>3,769.0</b>	<b>5.0</b>
<b>FTE</b>					
Permanent	19.0	19.8	19.8	19.8	0.0
Term	3.0	1.0	1.0	1.0	0.0
<b>TOTAL FTE</b>	<b>22.0</b>	<b>20.8</b>	<b>20.8</b>	<b>20.8</b>	<b>0.0</b>

**At A Glance**

The State Racing Commission (NMRC) requested an overall budget increase of 6.2 percent or \$222.5 thousand over the FY23 operating budget, including a \$222.5 thousand, or 8.6 percent, increase in general fund revenues. NMRC's budget request included \$700 thousand in revenue from the racehorse testing fund and \$300 thousand from industry racing revenue, flat with the FY23 operating budget. The committee recommendation supports a 3 percent general fund increase of \$78.1 thousand, and an overall increase of \$178.1 thousand, or 5 percent. The recommendation includes \$100 thousand increase from the agency's fund balance. The recommendation will allow the commission to continue filling key positions and cover other costs.

**Budget Issues**

NMRC's FY24 budget request included an increase of \$145.4 thousand for personnel. The committee recommendation supports a 6 percent increase to the agency's personnel budget, \$105 thousand over the FY23 budget. The agency has a funded vacancy rate of 17 percent, and the recommendation includes reclassification of a vacant position to a second veterinarian position to keep pace with the federal Horseracing Integrity and Safety Act (HISA) regulatory standards.

The request represented an increase of 8.3 percent for personnel, a flat request for contracts, and a 29.8 percent increase in the other category to pay for replacement vehicles and travel and lodging costs. The agency requested to reclassify an existing vacant position to a veterinarian position, which the agency proposes will reduce the need for future contracts. NMRC's request also included an increase of \$76.3 thousand over the FY23 operating budget for other costs, including \$70 thousand for employee in-state travel, \$23.5 thousand for employee out-of-state travel, and \$22.7 thousand for newer vehicles. The increase in travel was requested to fund costs for certified stewards; the agency indicates there is a shortage in New Mexico. Increased travel funding was also requested to fund HISA training for agency staff. The committee recommends an increase of 28.5 percent to the agency's other costs, for a total of \$73.1 thousand above the FY23 operating budget.

The agency request included \$700 thousand from the racehorse testing fund and \$300 thousand from industry racing revenues to fund equine drug testing contracts. NMRC tests blood, urine, and hair samples from racehorses. Funding for testing comes from the racehorse testing fund, which receives 50 percent of a daily capital outlay tax collected from racetrack licensees. NMRC must remit any amount of the fund's balance over \$600 thousand to the general fund. The committee recommends the requested level for other revenue of \$1 million.



The federal Horseracing Integrity and Safety Act (HISA) passed in late December 2020, enacts more stringent and standardized national anti-doping standards for horseracing, creating an independent anti-doping authority. The national standards, which went into effect on July 1, 2022, replaced a patchwork of different rules and standards across states that have allowed cheaters to seek out races with more lenient rules. Funding for the authority will come in part from states. NMRC anticipates rising costs for testing, investigation, prosecution, and rulemaking under the anti-doping law, which could significantly increase the cost of regulating horseracing in the state and likely result in additional fees for racing participants. The agency received a \$500 thousand special appropriation to cover expenses associated with HISA, contingent on notice from the federal government that such expenditures be paid last legislative session. However, the agency reports it does not expect to use the funding for specified HISA purposes but could budget the amount for other purposes.

The committee recommends reauthorizing and repurposing NMRC's special appropriation of \$500 thousand for general operations and removing the contingency language. The agency anticipates nearly \$200 thousand will go to legal fees during the fiscal year. NMRC has been represented by the Office of the Attorney General and has been sanctioned for just under \$40 thousand by the courts, which must be paid from the agency's operating budget. NMRC anticipates \$150 thousand in sanctions in FY23.

### **STATE RACING COMMISSION**

The purpose of the horse racing regulation program is to provide regulation in an equitable manner to New Mexico's parimutuel horse racing industry and to protect the interest of wagering patrons and the state of New Mexico in a manner that promotes a climate of economic prosperity for horsemen, horse owners and racetrack management.

#### **PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Outcome	Number of breathalyzer tests administered per race meet	0.0	0.0	0.0	50.0	50.0
Outcome	Percent of cases won at the district court level	0%	0%	0%	100%	100%
Outcome	Percent of horses getting pre-race inspected	0%	0%	0%	100%	100%
Outcome	Percent of out-of-competition samples testing positive for illegal substances	0%	0%	0%	5%	5%
* Outcome	Percent of equine samples testing positive for illegal substances	0%	1%	1%	1%	1%
* Explanatory	Amount collected from parimutuel revenues, in millions	\$649,179	\$1	N/A	N/A	N/A
Explanatory	Average regulatory cost per live race day at each racetrack	5,291.0	9,759.0	N/A	N/A	N/A
Outcome	Timely collections of penalty fees by licensee to the general fund, number of days	45.0	30.0	90.0	90.0	90.0
Outcome	Number of equine tests per live race	4.0	4.0	4.0	4.0	4.0
Efficiency	Average number of days to bring case to prosecution	50.0	40.0	50.0	50.0	50.0
Outcome	Average number of work days from receipt of a complete individual application and questionnaire to conclusion of a criminal background check	10.0	3.0	10.0	10.0	10.0
Efficiency	Average number of days to refer investigation cases for administrative prosecution	10.0	12.0	10.0	10.0	10.0
Outcome	Number of out-of-competition samples tested	754.0	861.0	1,000.0	1,000.0	1,000.0
Outcome	Number of race tracks audited.	0.0	0.0	1.0	1.0	1.0
* Explanatory	Number of horse fatalities per one thousand starts	2.0	2.0	N/A	N/A	N/A

**Statutory Authority**

The seven-member Board of Veterinary Medicine was established under the Veterinary Practice Act, Sections 61-14-1 through 61-14-20 NMSA 1978.

**Mission**

The mission of the Board of Veterinary Medicine is to protect the public by promoting quality veterinary care through the regulation of the practice of veterinary medicine. The board also serves as a resource in providing assistance and disseminating current information affecting the public, applicants, and licensees.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	634.2	461.8	469.5	469.5	1.7
<b>TOTAL SOURCES</b>	<b>634.2</b>	<b>461.8</b>	<b>469.5</b>	<b>469.5</b>	<b>1.7</b>
<b>USES</b>					
Personal Services and Employee Benefits	271.6	279.4	273.9	273.9	(2.0)
Contractual Services	121.9	139.3	146.0	146.0	4.8
Other	264.7	43.1	49.6	49.6	15.1
<b>TOTAL USES</b>	<b>658.2</b>	<b>461.8</b>	<b>469.5</b>	<b>469.5</b>	<b>1.7</b>
<b>FTE</b>					
Permanent	3.0	3.0	3.0	3.0	0.0
<b>TOTAL FTE</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>0.0</b>

**At A Glance**

The Board of Veterinary Medicine requested a budget of \$469.5 thousand for FY24, an increase of \$7,700, or 1.7 percent, over the board's FY23 operating budget. The board receives no general fund revenue and is supported by revenues from professional licenses, permits, and examination fees. The board requested a \$6,700 increase in its contracts category to modernize its licensing system. The committee recommendation supports the board's request because the agency fully expended its other revenues in FY22.

The agency was appropriated \$125 thousand for shortfalls in FY21, followed by a supplemental appropriation of \$80 thousand in FY22. The board is proposing changes to fee structures for the first time since 2013, recommending a 12 percent increase to cover a 10.7 percent increase in costs over the last nine years, although the fee increase is not reflected in the agency request. During FY22, the board issued a total of 1,844 licenses, certifications, and permits – 142 more than in FY21. The board has experienced an average 8 percent yearly increase in the issuance of licenses, certificates, and permits. The board has 3 authorized FTE and no vacancies.

While the agency has accrued \$900 thousand in the animal care fund, mainly through a fee on brand-name pet food suppliers created in 2020, the distribution of those funds to spay and neuter programs statewide has been delayed by a lawsuit challenging the fee. The Pet Food Institute, New Mexico Farm and Livestock Bureau, New Mexico Chamber of Commerce, Rio Grande Kennel Club, and others have challenged Laws 2020, Chapter 69, on the grounds the annual fee has no relationship to any governmental service. The lawsuit was pending in federal court as of November 2022.

The Board of Veterinary Medicine sunsets in FY24, and the LFC Sunrise Sunset Subcommittee recommends extending the sunset date of the board by six years, to July 1, 2029.

**BOARD OF VETERINARY MEDICINE**

The purpose of the veterinary licensing and regulatory program is to regulate the profession of veterinary medicine in accordance with the Veterinary Practice Act and to promote continuous improvement in veterinary practices and management to protect the public.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Number of facility licenses issued annually	301.0	300.0	315.0	315.0	315.0
Output	Number of facilities inspected annually	20.0	25.0	150.0	150.0	150.0
Outcome	Percent of inspected facilities meeting minimum standards	20%	99%	99%	99%	99%
Output	Number of registered veterinary technicians licenses issued annually	232.0	261.0	255.0	255.0	255.0
Output	Number of veterinarian licenses issued annually	1,031.0	1,067.0	1,025.0	1,025.0	1,025.0
Output	Number of bovine artificial insemination or bovine pregnancy diagnosis permits issued annually	25.0	24.0	20.0	20.0	20.0
Output	Number of months to resolution of disciplinary matter	10.0	10.0	7.0	7.0	7.0
Outcome	Number of licenses issued to shelters	26.0	30.0	45.0	45.0	45.0
Outcome	Number of inspected shelters meeting minimum standards	0.0	50.0	40.0	40.0	50.0

**Statutory Authority**

The Cumbres and Toltec Scenic Railroad Compact was ratified by the New Mexico and Colorado legislatures and given the consent of Congress in 1974. Ratification of the compact and statutory authorization of the commission appears in Sections 16-5-1 through 16-5-13 NMSA 1978 (the Cumbres and Toltec Scenic Railroad Act) and Sections 24-60-1901 through 24-60-1908 of the Colorado Revised Statutes. The compact was approved by the president on October 24, 1974. The commission comprises four members, two from New Mexico and two from Colorado, appointed by the governors of each state.

**Mission**

The mission of the Cumbres and Toltec Scenic Railroad Commission is to preserve and develop the Cumbres and Toltec Scenic Railroad, a historic 19th century railroad “museum on wheels” for the education, enlightenment, and enjoyment of future generations.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	339.7	362.8	362.8	362.8	0.0
Other Revenues	5,655.1	5,967.0	5,967.0	5,967.0	0.0
<b>TOTAL SOURCES</b>	<b>5,994.8</b>	<b>6,329.8</b>	<b>6,329.8</b>	<b>6,329.8</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	151.8	121.2	117.8	117.8	(2.8)
Contractual Services	5,108.2	6,199.1	6,105.6	6,105.6	(1.5)
Other	188.0	9.5	106.4	106.4	1,020.0
<b>TOTAL USES</b>	<b>5,448.0</b>	<b>6,329.8</b>	<b>6,329.8</b>	<b>6,329.8</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	0.0	3.9	1.8	1.8	(53.8)
<b>TOTAL FTE</b>	<b>0.0</b>	<b>3.9</b>	<b>1.8</b>	<b>1.8</b>	<b>(53.8)</b>

**At A Glance**

The Cumbres and Toltec Scenic Railroad Commission budget request kept all revenue flat with FY23 and slightly decreased funding for contracts and personnel to increase spending in the other category in line with actual expenditures, primarily for marketing services. The LFC recommendation supports the agency request.

**Budget Issues**

As an enterprise agency, most of the commission’s operating budget is supported by ticket sales. Revenues over the last 10 years trended upward, from a low of \$2.7 million in FY11 to \$5.2 million in FY19, only to be stunted again during the Covid-19 pandemic. The shutdown reduced overall ridership and revenue by 80 percent, or approximately \$4 million, compared with FY19. Despite the closures and opening 3 weeks later than usual due to wildfires, the scenic railroad recovered 97 percent of its pre-pandemic ridership for the 2022 season as of September 2022.

In addition to recovering revenue, the Legislature appropriated \$3 million in federal relief funds to the agency in the 2022 regular legislative session to supplant lost revenue throughout the closures. The commission has encumbered approximately \$1 million of these funds for salaries, railroad maintenance, and increased insurance costs after a kitchen fire. The agency would like to spend an additional \$750 thousand from the appropriation to revitalize a 100-year-old-railway roundhouse, one of only seven surviving railway roundhouses in the country. The agency should consider addressing other capital and infrastructure needs with the federal relief monies and in turn reduce its capital outlay requests.

**Fleet.** Between the Chama, New Mexico, and Antonito, Colorado, railyards, the railroad has five operational narrow gauge locomotives. Although the Cumbres and Toltec Scenic Railroad remains one of the few railroads in America that never converted its coal-burning steam engines to diesel engines, the agency converted one engine from coal-fueled to oil-fueled. The oil-fueled engine ran for the first time during the 2021 season. Though the commission holds that coal is still safe to burn throughout most of the year, during extremely dry conditions, oil burns “cleaner,” expelling fewer embers and is, therefore, less likely to cause a fire. The commission plans to convert at least one other engine using federal relief funds appropriated in 2022.

**Capital Outlay.** The primary use of funding provided to the commission from New Mexico and Colorado is for infrastructure. The commission has requested approximately \$1.1 million per year for the next 10 years for capital improvements and to address deferred maintenance for the railroad tracks and the railroad's oldest train, a 115-year-old locomotive, and the youngest locomotive, 93 years old. Capital outlay funds can be used for track rehabilitation and locomotive and boiler upgrades, as well as a water tank supply system, sand house repair, and a visitor gateway center. The commission currently has \$1.95 million in unspent capital outlay funds. The commission has struggled to find adequately skilled contractors to repair locomotives and rails but has secured a contractor and will expend the funds by the end of winter, or the train's "off season," when most repairs are made.

### **CUMBRES AND TOLTEC**

The purpose of the Cumbres and Toltec scenic railroad commission is to provide railroad excursions through, into and over the scenic San Juan mountains

#### **PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
* Outcome	Total number of passengers	16,687.0	31,218.0	45,287.0	45,287.0	90,574.0
Output	Revenue generated from ticket sales, in millions	\$2.18	\$5.66	\$4.50	\$4.50	\$9.00

**Statutory Authority**

The Office of Military Base Planning and Support was created in 2003 pursuant to the Office of Military Base Planning and Support Act, Section 9-15-48 NMSA 1978, and is administratively attached to the Economic Development Department. The director of the office is appointed by the governor.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	234.9	296.2	296.2	296.2	0.0
<b>TOTAL SOURCES</b>	<b>234.9</b>	<b>296.2</b>	<b>296.2</b>	<b>296.2</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	39.3	187.0	187.0	187.0	0.0
Contractual Services	27.7	79.2	79.2	79.2	0.0
Other	7.9	30.0	30.0	30.0	0.0
<b>TOTAL USES</b>	<b>74.9</b>	<b>296.2</b>	<b>296.2</b>	<b>296.2</b>	<b>0.0</b>
<b>FTE</b>					
Term	1.0	1.5	1.5	1.5	0.0
<b>TOTAL FTE</b>	<b>1.0</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>0.0</b>

**At A Glance**

The Office of Military Base Planning and Support (OMBPS) requested a flat budget with FY24 with no spending changes, which the LFC recommendation supports.

The Office of Military Base Planning and Support has just 1.5 FTE, the director of the agency who reports directly to the governor's chief of staff, and a part-time administrative assistant. The director position was vacant from September 2021 to July 2022, resulting in no performance results for FY22.

The Military Base Planning Commission, administratively attached to the Economic Development Department, is charged with providing experienced executive level support to the military installations and communities in which they are located. The Legislature extended the sunset date for OMBPS and the commission to July 2027 during the 2021 regular legislative session. The membership of the Military Base Commission consists of the lieutenant governor, three representatives for Kirtland Air Force Base, two representatives for Cannon Air Force Base, two representatives for Holloman Air Force Base, two representatives for White Sands Missile Range, two positions from counties not adjacent to the installations, and one remaining vacant position for a representative of White Sands Missile Range. The commission has been fully appointed since November 2020.

**OFFICE OF MILITARY BASE PLANNING AND SUPPORT**

The purpose of the office of military base planning and support is to provide advice to the governor and lieutenant governor on New Mexico's four military installations, to work with community support groups, to ensure that state initiatives are complementary of community actions and to identify and address appropriate state-level issues that will contribute to the long-term viability of New Mexico military installations.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Number of military units impacted by the activities of the commission and the office	10.0	0.0	10.0	10.0	10.0
Outcome	Number of community support organizations that have benefited from the activities of the commission and the office	10.0	0.0	10.0	10.0	10.0
Output	Number of communities assisted by the office of military base planning and support	10.0	0.0	10.0	10.0	10.0

**Statutory Authority**

The Spaceport Authority was created pursuant to the Spaceport Development Act, Sections 58-31-1 through 58-31-7 NMSA 1978.

**Mission**

The mission of the Spaceport Authority is to plan, develop, and operate the world's first inland commercial spaceport.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	2,074.5	3,878.4	4,098.4	4,088.4	5.4
Other Revenues	7,684.0	6,923.2	7,327.8	7,437.8	7.4
<b>TOTAL SOURCES</b>	<b>9,758.5</b>	<b>10,801.6</b>	<b>11,426.2</b>	<b>11,526.2</b>	<b>6.7</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,707.9	2,759.0	3,386.6	3,486.6	26.4
Contractual Services	4,629.4	5,638.1	5,655.4	5,655.4	0.3
Other	2,310.4	2,404.5	2,384.2	2,384.2	(0.8)
<b>TOTAL USES</b>	<b>8,647.7</b>	<b>10,801.6</b>	<b>11,426.2</b>	<b>11,526.2</b>	<b>6.7</b>
<b>FTE</b>					
Permanent	20.0	21.0	22.0	23.0	9.5
Term	8.0	7.0	8.0	8.0	14.3
<b>TOTAL FTE</b>	<b>28.0</b>	<b>28.0</b>	<b>30.0</b>	<b>31.0</b>	<b>10.7</b>

**At A Glance**

The Spaceport Authority FY24 base budget request slightly increased other revenue and kept general fund revenue flat with FY23. The request included an expansion of \$220 thousand in general fund revenue for 2 FTE. The LFC recommendation supports the agency request and expansion, in addition to \$100 thousand and 1 FTE for a business manager to assist with lease negotiations.

**Budget Issues**

In FY23, the Legislature significantly increased general fund revenue to the Spaceport Authority, primarily to replace \$1.7 million in excess pledged revenue from Doña Ana and Sierra counties after the New Mexico Attorney General determined that the funds should be used for infrastructure, not agency operations. The agency is working with county leadership to expend the excess pledged revenue on projects that benefit the areas, such as educational programs or access roads to the Spaceport. For FY24, the agency requested a base budget flat with FY23 and two expansion employees: an infrastructure planner and a director of security. The LFC recommendation supports the agency request but increases budgeted other state funds to fund half of the expansion. The LFC recommendation also includes \$100 thousand and 1 FTE for a business operations manager to assist with lease negotiations.

Firefighter and Security Costs. Contract costs increased significantly in FY18 due to Federal Aviation Administration environmental studies formerly expensed through capital outlay. These environmental studies, required to maintain FAA licenses for roads, fences, new buildings, and parking lots, have become a recurring contractual cost in the operating budget.

Firefighter and security costs to provide emergency and security services are a significant portion of the Spaceport's expenses. As tenants, launches, and staffing levels increased, the FY23 cost for security was \$4.2 million, which the agency request kept flat for FY24.

**Budget Realignment.** The Spaceport Authority's FY24 request increased revenue to the agency by 6 percent compared with FY23 but still approximately \$750 thousand below actual revenue received in FY22. Previous Spaceport leadership increased anticipated revenue to the agency by 52 percent in just three years, from \$6.6 million in FY19 to just over \$10 million in FY22. The projected increase in revenue was never realized, and the current administration has worked to project revenue growth more slowly to ensure spending aligns with actual revenue. Currently, the Spaceport Authority is working to increase tours and events held on its campus and leased space to the Thunderbirds and the Italian Space Agency in FY22. While the LFC recommendation supports the request for other revenue for FY24, the agency should focus on attracting more high-yield tenants to

Spaceport America to reduce its reliance on general fund revenue. As of July, 2022, the Spaceport Authority had \$1 million in nonreverting fund balance.

**Current Tenants.** Current tenants at Spaceport America include Virgin Galactic, AeroVironment, SpinLaunch and HAPS Mobile Inc. AeroVironment's high-altitude aircraft has been assembled at the facility and testing is due to start in the coming months. The agency currently has contracts with UP Aerospace, Swift Engineering, EXOS, Energeticx, and White Sands Research and Development. Contracts on a per-launch basis include Sugarhouse, New Mexico Tech, University of Southern California, and New Mexico State University.

**Virgin Galactic.** Virgin Galactic, the Spaceport's anchor tenant, began operations in the Virgin Galactic terminal hangar facility in FY20. The Virgin Galactic lease payment increased from \$1 million in FY20 to \$3 million in FY22, where it remains. Virgin Galactic has 180 employees at Spaceport America. The company launched its first commercial flight in July 2021, which flew three passengers, including Virgin CEO Richard Branson, to an altitude of 53.5 miles above the earth's surface, just beyond NASA's definition of the "edge of space." The launch was widely celebrated as the first successful commercial space flight, beating out lead commercial flight competitor Blue Origin, and resulted in an estimated \$400 thousand in revenue for Doña Ana and Sierra counties, and approximately \$375 thousand in earned media for Spaceport America. However, months after the apparently successful launch, news broke the rocket ship drifted below its permitted altitude and was forced to change trajectory during Branson's flight. Virgin Galactic has sold more than 600 personal space flight tickets, at a cost ranging between \$200 thousand and \$250 thousand each.

**Capital Outlay.** Since 2018, the Legislature appropriated approximately \$44 million for multiple Spaceport capital outlay projects, including a ground support equipment hangar, electric utility extension to the vertical launch area, site preparation for new launch rails, lightning detection, equipment upgrades, road improvements, water utilities, runway upgrades, and archaeological surveys. Additionally, the Legislature approved the use of \$1.7 million in capital outlay funding for project planning in FY22. As of August 2022, only \$10.9 million of the \$44 million was expended for five projects, two in the first phase of construction and the rest still in the planning phase.

#### Base Expansion

The agency requested two expansion employees: an infrastructure planner and a director of security. The LFC recommendation supports the agency request but increases budgeted other state funds to fund half of the expansion.

#### BASE EXPANSION LISTING FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Director of Infrastructure Development	P770	110.0	110.0
2	Director of Security	P770	110.0	110.0
<b>TOTAL</b>			<b>220.0</b>	<b>220.0</b>

#### SPACEPORT AUTHORITY

The purpose of the spaceport authority is to finance, design, develop, construct, equip and safely operate spaceport America and thereby generate significant high technology economic development throughout the state.

#### PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Output	Number of aerospace customers and tenants	12.0	10.0	20.0	19.0	20.0
Output	Number of events held	2.0	3.0	35.0	9.0	12.0
Output	Number of visitors to spaceport	2,000.0	4,500.0	30,000.0	15,000.0	25,000.0
Outcome	Annual number of jobs due to New Mexico spaceport authority efforts	350.0	350.0	400.0	550.0	550.0



# Agriculture, Energy and Natural Resources

**Statutory Authority**

The Cultural Affairs Department (DCA) was created in 2004 by the Cultural Affairs Department Act (Sections 9-4A-1 through 94-A18 NMSA 1978). The new law elevated the agency to cabinet status and elevated the individual museums in the Museum of New Mexico to division status, placing them on equal footing with other museums and facilities within DCA. In addition to the Cultural Affairs Department Act, divisions within DCA are authorized by the following statutes: Sections 18-2-1 through 18-2-23 NMSA 1978 (creating the Library Division); Sections 18-3-1 through 18-3-8 NMSA 1978 (establishing the Museum of New Mexico); Sections 18-3A-1 through 18-3A-9.1 NMSA 1978 (the Natural History and Science Museum Act); Section 18-5-1 through 18-5-7 NMSA 1978 (creating the Arts Division); Sections 18-6-1 through 18-6-23 NMSA 1978 (the Cultural Properties Act); Sections 18-7-1 through 18-7-4 NMSA 1978 (creating the Museum of Space History); Sections 18-8-1 through 18-8-8 NMSA 1978 (New Mexico Pre-historic and Historic Sites Preservation Act); Sections 18-11-1 through 18-11-9 NMSA 1978 (Farm and Ranch Heritage Museum Act); Sections 18-12-1 through 18-12-8 NMSA 1978 (National Hispanic Cultural Center Act); Sections 13-4A-1 through 13-4A-11 NMSA 1978 (Art in Public Places Act) and 13-4B-1 through 13-4B-3 NMSA 1978 (Fine Art in Public Buildings Act); and Sections 47-12A1 through 47-12A-6 NMSA 1978 (Cultural Properties Preservation Easement Act).

**Mission**

The department's mission is to lead in the preservation, development, promotion, and access to New Mexico's cultural resources for the use, education, and enjoyment of present and future generations.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	33,157.6	37,967.8	41,059.4	39,093.0	3.0
Other Transfers	739.7	203.3	783.5	783.5	285.4
Federal Revenues	6,452.6	3,575.4	3,925.5	3,925.5	9.8
Other Revenues	5,372.8	6,416.5	6,326.0	6,326.0	(1.4)
Fund Balance	0.0	40.0	0.0	0.0	(100.0)
<b>TOTAL SOURCES</b>	<b>45,722.7</b>	<b>48,203.0</b>	<b>52,094.4</b>	<b>50,128.0</b>	<b>4.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	28,225.4	35,445.0	37,106.2	35,728.6	0.8
Contractual Services	2,739.2	3,037.2	3,531.3	3,352.9	10.4
Other	12,097.7	9,720.8	11,456.9	11,046.5	13.6
<b>TOTAL USES</b>	<b>43,062.3</b>	<b>48,203.0</b>	<b>52,094.4</b>	<b>50,128.0</b>	<b>4.0</b>
<b>FTE</b>					
Permanent	413.0	411.8	440.8	418.8	1.7
Term	80.0	90.5	103.5	103.5	14.4
Temporary	9.0	0.0	5.0	5.0	0.0
<b>TOTAL FTE</b>	<b>502.0</b>	<b>502.3</b>	<b>549.3</b>	<b>527.3</b>	<b>5.0</b>

**At A Glance**

The Cultural Affairs Department (DCA) requested a total increase of \$3.9 million, or 8.1 percent compared with the FY23 operating budget. The request included a \$3 million increase in general fund revenue, the majority of which was for permanent janitorial staff. The request increased federal fund revenue by 9.8 percent in anticipation of increased federal grant awards, and increased intra-agency transfers by \$649 thousand, or 285.4 percent compared with FY23, to budget revenue from the rural library endowment fund. The LFC recommendation supports the agency request for other revenues and transfers, and includes a \$1 million general fund revenue increase, or 3 percent compared with the FY23 operating budget, for some permanent janitorial staff, targeted raises for museum directors and other staff, and increased museum costs. The funded vacancy rate is approximately 10 percent.

**Budget Issues**

New Mexico's 15 museums and historic sites managed by the Cultural Affairs Department (DCA) reopened April 2021 after a year of public health closures, and while attendance has significantly increased year over year, museum attendance remains 30 percent lower than prepandemic levels, and

historic site attendance 50 percent lower. The department reports strong attendance for the first quarter of FY23 and hopes to surpass prepandemic attendance in FY24. The committee may consider appropriating one-time funding for exhibit development to entice new visitors and reinvigorate repeat visitors.

**Museums and Historic Sites.** The agency FY24 budget request increased general fund revenue by \$2.4 million, or 9.4 percent compared with the FY22 operating budget. Of the \$2.4 million, \$2 million was for 30 permanent janitorial staff to serve all 14 DCA facilities. Currently, the agency employs 18 full-time janitorial staff, most of whom are located in Albuquerque or Santa Fe, and relies on museum staff or contracts for janitorial duties. The general fund request also included \$400 thousand for increased museum costs, such as supplies, landscaping, and veterinarian services. Finally, the request included 15 new authorized term FTE but no additional funding for the positions. Currently, the agency has a funded vacancy rate of approximately 16.3 percent. In FY22, the agency focused on promoting from within the organization to improve retention and propose funding new FTE in FY24 with its significant funded vacancy rate to hire new or reclassified positions.

The Museum of New Mexico Foundation supports museums and historic sites through fund development for exhibitions, education programs, financial management, and advocacy. In FY22, the foundation raised approximately \$6.9 million, nearly double what was raised in FY21, \$2.7 million of which was for the new Vlodem Contemporary Art Museum in Santa Fe. For FY23, the foundation projects another significant revenue increase, totaling \$8 million, \$6 million of which will be for Vlodem Contemporary Art Museum in Santa Fe. The department projects a total of \$2.5 million from the Museum of New Mexico Foundation in FY24, for a total of \$4.3 million in combined support from other foundations and friends groups.

The LFC recommendation includes an additional \$411 thousand, or 3.2 percent, in general fund revenue for Museums and Historic Sites. The increase includes \$500 thousand for approximately eight additional permanent janitorial staff for a more phased transition to in-house janitorial services in a strained labor market and \$150 thousand for increased museum costs. The recommendation also includes \$100 thousand to provide a 10 percent targeted pay increase for museum directors and \$100 thousand for other staff pay increases to prevent compaction. DCA has struggled with high turnover rates among museum directors, who are paid below \$100 thousand annually and sharply less than privately operated museums and state-run museums in surrounding states. The recommendation supports the agency request for other revenue and federal funds. The recommendation supports the requested additional authorized term FTE.

**Preservation.** The Preservation Program serves as the state's principal historic compliance office, maintains and increases the number of registered historic sites, and conducts archaeological fieldwork as requested by clients or mandated by state and federal historic regulation. Of the program's \$3.3 million budget, \$2.5 million is from federal and other state revenues, including \$1 million from the Department of Transportation for archaeological studies as needed for highway projects. The agency requested a general fund revenue increase of \$7,500, or 0.7 percent, to meet the match requirements for increased federal revenue. The agency request decreased budgeted revenue from fund balances and transfers but supplanted the reductions with increased federal revenue from anticipated federal grant awards. The LFC recommendation fully supports the agency request.

**Program Support.** The agency FY24 request increased general fund revenue by \$209 thousand, or 4.5 percent compared with the FY23 operating budget. The requested increase was for travel costs, contractual legal support, and to fund a 7 percent vacancy rate. The LFC recommendation increases general fund revenue by \$75 thousand to support a 7 percent vacancy rate.

**Arts.** The agency FY24 request increased general fund revenue in the Arts Program by 14.2 percent, including \$31 thousand for personnel funding, \$67 thousand for increased art service grant funding, and \$125 thousand in additional funding for the New Mexico Music Commission. The committee recommendation includes a general fund revenue increase of \$62.7 thousand for personnel and artist-in-residence and art service grants.

**New Mexico State Library.** The majority of state library services continued through the public health crisis and, even as libraries reopen, many online services, including eBook offerings and virtual summer reading programs, will continue. The Development Bureau administers three important funding programs for public and tribal libraries: state grant-in-aid (SGIA), Tribal Library Program grants, and general obligation bonds. In FY20, 93 of the 98 state-recognized public libraries received SGIA grant awards ranging from \$3,000 to \$95 thousand. The Tribal Library Program awarded \$96 thousand each to 19 tribal libraries in FY22.

The State Library continues to support libraries as they apply for federal broadband funding, and the state librarian has shown great initiative in coordinating and collaborating with stakeholders, including the Indian Affairs Department, to ensure the most effective allocation of resources. The Federal Communications Commission's (FCC) universal service fund (E-rate) supplies funding to offset the cost of internet access for schools and libraries, often providing matching funds of 80 percent to 90 percent on internet service fees, fiber infrastructure, and networking equipment. Prior to this program, 60 percent of the 98 New Mexico public and tribal libraries did not have a connection faster than 30 mega bites per second, 68 percent did not take advantage of E-Rate, and 53 percent did not have a fiber optic connection. Over the past few years, the State Library has worked with over 25 libraries to provide broadband equipment upgrades and improved broadband speeds.

The State Library Program requested a general fund increase of \$130.5 thousand, including \$100 thousand for rising library supplies costs and \$23 thousand for recruitment and retention of staff. The agency request kept federal revenue flat with FY23 but increased transfers by \$649.5 thousand to

budget the maximum distribution of the rural library endowment fund. The fund, established by Laws 2019, Chapter 64, had a balance of \$13.2 million as of September 2022, translating to an award of approximately \$12 thousand per library for 52 eligible libraries. The committee may consider additional one-time funding to grow the endowment.

**Capital Outlay.** DCA owns 191 buildings across the state, including properties associated with eight museums and eight historic sites. Capital outlay appropriations are often used for emergency repairs, but many facility repairs outpace available funding due to years of deferred maintenance. The department created a facility master plan to help prioritize funding. In addition to capital outlay funding, Laws 2020, Chapter 42, created the cultural affairs facilities infrastructure fund and authorized the fund to receive transfers from the public project revolving loan fund (PPRF). Chapter 42 also appropriated \$5 million from the PPRF to the cultural affairs facilities infrastructure fund for expenditure in FY21 and subsequent fiscal years. The DCA capital improvement plan request totaled \$21.6 million for FY24, broken into three broad categories of need: life, health and safety to address immediate safety concerns, facility stabilization, and preservation of property.

### Base Expansion

The department requested an expansion of \$2 million general fund revenue and 30 authorized FTE for permanent janitorial staff. The LFC recommendation recommends \$500 thousand and 8 FTE for a more phased transition to in-house janitorial services in a strained labor market.

#### BASE EXPANSION LISTING FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Acceptable Cleaning Standards	P536	2,052.0	500.0
<b>TOTAL</b>			<b>2,052.0</b>	<b>500.0</b>

### MUSEUMS AND HISTORIC SITES

The purpose of the museums and historic sites program is to develop and enhance the quality of state museums and monuments by providing the highest standards in exhibitions, performances and programs showcasing the arts, history and science of New Mexico and cultural traditions worldwide.

#### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	23,093.2	26,569.2	29,078.0	27,419.2	3.2
Other Transfers	322.6	25.0	0.0	0.0	(100.0)
Federal Revenues	2,195.6	63.6	63.6	63.6	0.0
Other Revenues	4,559.6	4,891.6	5,251.6	5,251.6	7.4
Fund Balance	0.0	40.0	0.0	0.0	(100.0)
<b>TOTAL SOURCES</b>	<b>30,171.0</b>	<b>31,589.4</b>	<b>34,393.2</b>	<b>32,734.4</b>	<b>3.6</b>
<b>USES</b>					
Personal Services and Employee Benefits	19,091.4	24,511.9	26,127.2	24,775.2	1.1
Contractual Services	1,059.9	1,084.9	1,096.3	1,084.9	0.0
Other	6,729.5	5,992.6	7,169.7	6,874.3	14.7
<b>TOTAL USES</b>	<b>26,880.8</b>	<b>31,589.4</b>	<b>34,393.2</b>	<b>32,734.4</b>	<b>3.6</b>
<b>FTE</b>					
Permanent	307.0	313.5	342.0	320.0	2.1
Term	48.0	52.0	64.0	64.0	23.1
Temporary	9.0	0.0	5.0	5.0	0.0
<b>TOTAL FTE</b>	<b>364.0</b>	<b>365.5</b>	<b>411.0</b>	<b>389.0</b>	<b>6.4</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Full-time equivalent equivalency of volunteer hours	44.0	652.0	N/A	N/A	N/A
Explanatory	Dollars contributed by or administered by private sector foundations to department education programs and exhibitions	\$11,000,000	\$8,137,600	N/A	N/A	N/A
* Outcome	Number of people served through programs and services offered by museums and historic sites	1,771,650.0	1,555,140.0	1,400,000.0	1,400,000.0	1,500,000.0
Outcome	Number of children reached through museum and historic sites programs	755,890.0	400.0	400,000.0	400,000.0	400.0
* Outcome	Amount of earned revenue from admissions, rentals and other activity	\$1,809,002.00	\$1,690,481.00	\$4,310,000.00	\$1,700,000.00	\$4,000,000.00
Outcome	Ticketed attendance to museum and historic site exhibitions, performances and other presenting programs	135,592.0	726,301.0	825,000.0	825,000.0	825,000.0

**PRESERVATION**

The purpose of the preservation program is to identify, study and protect New Mexico's unique cultural resources, including its archaeological sites, architectural and engineering achievements, cultural landscapes and diverse heritage.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	784.1	1,050.6	1,058.1	1,058.1	0.7
Other Transfers	222.5	178.3	134.0	134.0	(24.8)
Federal Revenues	887.5	1,176.7	1,513.6	1,513.6	28.6
Other Revenues	750.1	1,288.0	1,006.7	1,006.7	(21.8)
<b>TOTAL SOURCES</b>	<b>2,644.2</b>	<b>3,693.6</b>	<b>3,712.4</b>	<b>3,712.4</b>	<b>0.5</b>
<b>USES</b>					
Personal Services and Employee Benefits	2,119.4	2,887.1	2,697.0	2,697.0	(6.6)
Contractual Services	155.1	313.4	586.5	586.5	87.1
Other	340.2	493.1	428.9	428.9	(13.0)
<b>TOTAL USES</b>	<b>2,614.7</b>	<b>3,693.6</b>	<b>3,712.4</b>	<b>3,712.4</b>	<b>0.5</b>
<b>FTE</b>					
Permanent	21.0	14.0	14.0	14.0	0.0
Term	18.0	22.5	22.5	22.5	0.0
<b>TOTAL FTE</b>	<b>39.0</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>	<b>0.0</b>

**Recommended Language**

The other state funds appropriation to the preservation program of the department of cultural affairs includes one million dollars (\$1,000,000) from the department of transportation for archaeological studies as needed for highway projects.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Number of people participating in services provided through the preservation program	6,482.0	4,122.0	25,000.0	5,000.0	5,000.0
Explanatory	Number of historic structures preservation projects completed annually using preservation tax credits	42.0	23.0	N/A	N/A	N/A
Explanatory	Dollar value of construction underway on historic buildings using state and federal tax credits, in millions	\$16,378,000.0 0	\$609,345.00	N/A	N/A	N/A
Outcome	Percent of reviews of development projects completed within the standard 30 day period, excluding incomplete submittals or reviews when the parties have mutually agreed to extend the review	97.00%	98.00%	96.00%	96.00%	96.00%

**LIBRARY SERVICES**

The purpose of the library services program is to empower libraries to support the educational, economic and health goals of their communities and to deliver direct library and information services to those who need them.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	3,737.6	4,076.9	4,207.4	4,206.9	3.2
Other Transfers	109.5	0.0	649.5	649.5	0.0
Federal Revenues	2,766.8	1,703.3	1,703.3	1,703.3	0.0
Other Revenues	26.2	201.0	30.0	30.0	(85.1)
<b>TOTAL SOURCES</b>	<b>6,640.1</b>	<b>5,981.2</b>	<b>6,590.2</b>	<b>6,589.7</b>	<b>10.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	2,643.8	3,121.7	3,221.0	3,220.5	3.2
Contractual Services	99.3	81.9	88.6	88.6	8.2
Other	4,540.7	2,777.6	3,280.6	3,280.6	18.1
<b>TOTAL USES</b>	<b>7,283.8</b>	<b>5,981.2</b>	<b>6,590.2</b>	<b>6,589.7</b>	<b>10.2</b>
<b>FTE</b>					
Permanent	31.0	27.8	27.8	27.8	0.0
Term	11.0	13.0	14.0	14.0	7.7
<b>TOTAL FTE</b>	<b>42.0</b>	<b>40.8</b>	<b>41.8</b>	<b>41.8</b>	<b>2.5</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Annual number of visits to New Mexico public and tribal libraries	4,677,783.0	1,537,569.0	N/A	N/A	N/A
Output	Number of library transactions through direct services provided by the New Mexico state library	61,779.0	109,990.0	150,000.0	150,000.0	150,000.0
* Output	Number of library transactions using electronic resources funded by the New Mexico state library	2,252,548.0	2,636,625.0	5,815,000.0	2,700,000.0	300,000.0
Explanatory	Number of children participating in statewide summer reading programs at public and tribal libraries	4,042.0	17,439.0	N/A	N/A	N/A

**PROGRAM SUPPORT**

The purpose of program support is to deliver effective, efficient, high-quality services in concert with the core agenda of the governor.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	4,161.2	4,615.7	4,825.0	4,690.7	1.6
Other Transfers	44.8	0.0	0.0	0.0	0.0
Other Revenues	36.9	35.9	37.7	37.7	5.0
<b>TOTAL SOURCES</b>	<b>4,242.9</b>	<b>4,651.6</b>	<b>4,862.7</b>	<b>4,728.4</b>	<b>1.7</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,578.8	3,953.5	4,032.6	4,032.5	2.0
Contractual Services	310.7	413.9	450.1	415.9	0.5
Other	304.2	284.2	380.0	280.0	(1.5)
<b>TOTAL USES</b>	<b>4,193.7</b>	<b>4,651.6</b>	<b>4,862.7</b>	<b>4,728.4</b>	<b>1.7</b>
<b>FTE</b>					
Permanent	43.0	46.0	46.0	46.0	0.0
<b>TOTAL FTE</b>	<b>43.0</b>	<b>46.0</b>	<b>46.0</b>	<b>46.0</b>	<b>0.0</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Number of material weakness audit findings in the last available financial statement audit	0.0	1.0	0.0	0.0	0.0
Output	Number of significant deficiency audit findings in the last available financial statement audit	1.0	0.0	0.0	0.0	0.0

**ARTS**

The purpose of the arts program is to preserve, enhance and develop the arts in New Mexico through partnerships, public awareness and education.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,381.5	1,655.4	1,890.9	1,718.1	3.8
Other Transfers	40.4	0.0	0.0	0.0	0.0
Federal Revenues	602.6	631.8	645.0	645.0	2.1
<b>TOTAL SOURCES</b>	<b>2,024.5</b>	<b>2,287.2</b>	<b>2,535.9</b>	<b>2,363.1</b>	<b>3.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	792.1	970.8	1,028.4	1,003.4	3.4
Contractual Services	1,114.2	1,143.1	1,309.8	1,177.0	3.0
Other	183.2	173.3	197.7	182.7	5.4
<b>TOTAL USES</b>	<b>2,089.5</b>	<b>2,287.2</b>	<b>2,535.9</b>	<b>2,363.1</b>	<b>3.3</b>
<b>FTE</b>					
Permanent	11.0	10.5	11.0	11.0	4.8
Term	3.0	3.0	3.0	3.0	0.0
<b>TOTAL FTE</b>	<b>14.0</b>	<b>13.5</b>	<b>14.0</b>	<b>14.0</b>	<b>3.7</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	33.00%	31.00%	34.00%	34.00%	34.00%
Explanatory	Attendance at programs provided by arts organizations statewide, funded by New Mexico arts from recurring appropriations	2,001,599.0	1,339,249.0	N/A	N/A	N/A
Output	Number of people provided direct services through New Mexico arts programs	7,708.0	21,711.0	13,000.0	15,000.0	15,000.0
Explanatory	Number of children reached through New Mexico arts programs and grants	204,990.0	148,726.0	N/A	N/A	N/A



**Statutory Authority**

The New Mexico Livestock Board was created by Sections 77-2-1 through 77-2-29 NMSA 1978. The board is responsible for controlling disease, preventing theft or illegal movement of livestock, and promoting greater economy, service, and efficiency in the administration of laws related to the livestock industry of New Mexico. The board is composed of nine members appointed by the governor to staggered six-year terms. Seven members of the board must raise and own cattle and sheep in the state and be residents of New Mexico. An executive director manages the agency under the direction of the board.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	863.1	3,587.5	5,390.6	4,391.8	22.4
Other Transfers	9.6	0.0	0.0	0.0	0.0
Federal Revenues	219.6	0.0	0.0	0.0	0.0
Other Revenues	5,496.6	4,964.5	4,624.0	4,965.2	0.0
Fund Balance	1,997.0	809.1	0.0	400.0	(50.6)
<b>TOTAL SOURCES</b>	<b>8,585.9</b>	<b>9,361.1</b>	<b>10,014.6</b>	<b>9,757.0</b>	<b>4.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	5,152.0	6,949.5	7,513.1	7,255.5	4.4
Contractual Services	174.8	274.8	311.3	311.3	13.3
Other	2,375.0	2,136.8	2,190.2	2,190.2	2.5
<b>TOTAL USES</b>	<b>7,701.8</b>	<b>9,361.1</b>	<b>10,014.6</b>	<b>9,757.0</b>	<b>4.2</b>
<b>FTE</b>					
Permanent	79.0	86.0	91.0	88.0	2.3
<b>TOTAL FTE</b>	<b>79.0</b>	<b>86.0</b>	<b>91.0</b>	<b>88.0</b>	<b>2.3</b>

**At A Glance**

NMLB's FY24 appropriation request of \$10 million was \$614.4 thousand, or 6.6 percent, more than the agency's FY23 operating budget. The request did not budget any of the agency's fund balance, decreased other revenues derived by taxes and fees by \$340.5 thousand, and increased general fund revenue by \$1.8 million, or 49.2 percent. Most of the requested general fund increase supported the meat inspection program. The FY24 request replaced about \$340.5 thousand in agency revenue and added \$577.9 thousand for personnel and other costs.

The LFC recommendation includes an increase of \$804.3 thousand, or 22.4 percent, in general fund appropriations for inspection programs and budgets \$400 thousand from the fund balance.

**Budget Issues**

NMLB's operating budget has historically been funded by revenue from inspection fees, brand recording fees, a tax on livestock value, and other licenses and permits, as well as accumulated fund balance from these sources. Property tax on livestock is the agency's largest source of revenue (excluding general fund appropriations), accounting for \$1.7 million in FY23. Other notable revenue sources include inspection fees (\$1.4 million) and brand recording fees (\$948.4 thousand) generated through the livestock inspection program. These funding sources are subject to changes in the local economy, weather, and national and global market conditions. In FY23, agency-generated revenues totaled approximately \$5 million, or a 9.7 percent decrease from FY22. The FY24 request reflects the steady decline in livestock revenue. Also, the request included an additional \$524.5 thousand for personnel costs, including two additional law enforcement positions in the livestock inspection program.

In 2021, the General Appropriation Act included a nonrecurring special appropriation of \$500 thousand for NMLB to implement a state-led meat inspection program. Currently, the U.S. Department of Agriculture conducts meat inspections in New Mexico. A state meat inspection program is projected to cost at least \$1.5 million annually. The federal government typically reimburses states for up to half of the program's cost once it is certified as meeting U.S. Department of Agriculture (USDA) Food Safety Inspection Service (FSIS) standards. The special appropriation was intended to fund program development and start-up costs. In FY23, the program received another \$964.9 thousand in general fund appropriations. However, the program has been slow to get off the ground, and as of October 2022, only the director had been hired. Although the program has eight vacant positions,

the request included an additional \$266 thousand for three new inspectors. The agency reports it will take six to nine months to prepare the FSIS application to operate the state-led inspection program and allow time for federal review and approval.

For FY24, the LFC recommendation includes an increase of \$804.3 thousand in general fund revenue and budgets \$400 thousand from the agency's fund balance. The recommendation supports the addition of two more law enforcement positions in the livestock inspection program and a personnel services increase of \$306 thousand (4.4 percent). Additionally, the recommendation budgets an additional \$36.5 thousand (13.3 percent) for contractual services to support an increase in contract inspector pay and \$53.4 thousand (2.5 percent) in the other costs category to purchase GPS trackers for agency vehicles to support capital asset longevity and decrease fleet maintenance costs.

### Base Expansion

The LFC recommendation supports the addition of two additional law enforcement positions in the livestock inspection program and a corresponding increase in the personnel services and employee benefits category of \$162.2 thousand, or 2.3 percent.

#### BASE EXPANSION LISTING FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Livestock Inspections	P685	0.0	162.2
0	Meat Inspections	P686	218.5	0.0
1	Livestock Inspections	P685	162.2	0.0
<b>TOTAL</b>			<b>380.7</b>	<b>162.2</b>

### LIVESTOCK INSPECTION

The purpose of the livestock inspection program is to protect the livestock industry from loss of livestock by theft or straying and to help control the spread of dangerous livestock diseases.

#### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	863.1	2,622.6	4,126.5	3,346.2	27.6
Other Transfers	9.6	0.0	0.0	0.0	0.0
Federal Revenues	219.6	0.0	0.0	0.0	0.0
Other Revenues	5,496.6	4,964.5	4,624.0	4,965.2	0.0
Fund Balance	1,997.0	809.1	0.0	400.0	(50.6)
<b>TOTAL SOURCES</b>	<b>8,585.9</b>	<b>8,396.2</b>	<b>8,750.5</b>	<b>8,711.4</b>	<b>3.8</b>
<b>USES</b>					
Personal Services and Employee Benefits	5,152.0	6,167.4	6,499.1	6,460.0	4.7
Contractual Services	174.8	266.4	302.9	302.9	13.7
Other	2,375.0	1,962.4	1,948.5	1,948.5	(0.7)
<b>TOTAL USES</b>	<b>7,701.8</b>	<b>8,396.2</b>	<b>8,750.5</b>	<b>8,711.4</b>	<b>3.8</b>
<b>FTE</b>					
Permanent	79.0	77.0	79.0	79.0	2.6
<b>TOTAL FTE</b>	<b>79.0</b>	<b>77.0</b>	<b>79.0</b>	<b>79.0</b>	<b>2.6</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Number of law enforcement road stops per month	33.0	51.0	100.0	100.0	100.0
Outcome	Number of disease cases per one thousand head inspected	0.0	0.0	0.2	0.2	0.2
Outcome	Number of stolen or missing livestock recovered	736.0	659.0	850.0	850.0	850.0
Output	Number of individual animals inspected for verification of animal health, disease control and movement	3,029,043.0	2,700,776.0	2,250,000.0	2,250,000.0	2,500,000.0
Output	Number of estrays processed per 1,000 head inspected	0.1	0.2	0.1	0.8	0.8
Efficiency	Average percentage of larceny investigation findings completed within one month	67%	67%	92%	92%	92%
Efficiency	Average percentage of cruelty investigation findings completed within one month	73%	76%	95%	95%	95%

**MEAT INSPECTION DIVISION****BUDGET SUMMARY  
(dollars in thousands)**

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	0.0	964.9	1,264.1	1,045.6	8.4
<b>TOTAL SOURCES</b>	<b>0.0</b>	<b>964.9</b>	<b>1,264.1</b>	<b>1,045.6</b>	<b>8.4</b>
<b>USES</b>					
Personal Services and Employee Benefits	0.0	782.1	1,014.0	795.5	1.7
Contractual Services	0.0	8.4	8.4	8.4	0.0
Other	0.0	174.4	241.7	241.7	38.6
<b>TOTAL USES</b>	<b>0.0</b>	<b>964.9</b>	<b>1,264.1</b>	<b>1,045.6</b>	<b>8.4</b>
<b>FTE</b>					
Permanent	0.0	9.0	12.0	9.0	0.0
<b>TOTAL FTE</b>	<b>0.0</b>	<b>9.0</b>	<b>12.0</b>	<b>9.0</b>	<b>0.0</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Test Meat Inspection	N/A	N/A	N/A	N/A	N/A

**Statutory Authority**

Sections 17-1-1 through 17-7-3 NMSA 1978 charge the Department of Game and Fish (DGF) with protecting game and fish and providing these resources for public recreation. The department operates under the direction of a seven-member State Game Commission appointed by the governor with the advice and consent of the Senate. The department is divided into four programs: Field Operations, which regulates all hunting and fishing activities statewide; Conservation Services, responsible for habitat management, biological support, and land acquisition; Wildlife Depredation and Nuisance Abatement, which oversee depredation complaints and the implementation of intervention options for dealing with animals causing property damage; and Program Support, which provides agencywide administrative direction, oversight, and infrastructure support services. The commission employs a director responsible for the administration of the department. The agency is administratively attached to the Energy, Minerals and Natural Resources Department.

**Mission**

The mission of the Department of Game and Fish is to provide and maintain an adequate supply of wildlife and fish within the state of New Mexico by using a flexible management system that provides for their protection, propagation, regulation, conservation, and use as public recreation and food supply.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Federal Revenues	16,081.5	14,976.1	14,976.1	14,976.1	0.0
Other Revenues	34,237.2	33,215.7	33,215.7	33,215.7	0.0
<b>TOTAL SOURCES</b>	<b>50,318.7</b>	<b>48,191.8</b>	<b>48,191.8</b>	<b>48,191.8</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	23,087.5	28,100.4	28,290.4	28,290.4	0.7
Contractual Services	4,704.1	4,775.7	4,280.7	4,280.7	(10.4)
Other	13,826.6	15,133.4	15,438.4	15,438.4	2.0
Other Financing Uses	182.3	182.3	182.3	182.3	0.0
<b>TOTAL USES</b>	<b>41,800.5</b>	<b>48,191.8</b>	<b>48,191.8</b>	<b>48,191.8</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	317.0	308.0	308.0	308.0	0.0
Term	0.0	0.5	0.5	0.5	0.0
Temporary	4.0	1.5	1.5	1.5	0.0
<b>TOTAL FTE</b>	<b>321.0</b>	<b>310.0</b>	<b>310.0</b>	<b>310.0</b>	<b>0.0</b>

**At A Glance**

The Department of Game and Fish requested and the committee recommends a FY24 budget flat with the FY23 operating budget, with small shifts to increase funding for personnel and to accommodate bookkeeping issues raised by the federal government. The agency, supported primarily through hunting and fishing fees and federal matching dollars, receives no revenue from the general fund.

**Budget Issues**

The Department of Game and Fish requested \$48.2 million in federal and state funds for FY24, a total even with the FY23 operating budget but with slight increases in personnel and other uses and a slight decrease in contractual services. The department indicated the shift of \$190 thousand from various categories into personnel would allow the department to fill positions, including conservation officers, now open as a cost-saving measure. The shift of \$375 thousand from contracts to other uses would be used to cover inflation and reflects a bookkeeping change requested by federal agencies.

The department is supported primarily by the game protection and big game enhancement funds and, to a lesser extent, by six nonmajor funds: habitat maintenance, big game depredation, trail safety, Sikes Act, Share with Wildlife, and debt service. Hunting and fishing fees represented 95 percent of the department's state income in FY22. The department requested \$33.2 million in state revenue and almost \$15 million in federal funds.

The request is supported in full by the committee.

The department's operating budget for FY23 is a 15 percent, or 6.4 million, increase over actual spending in FY22, with a little over half of that—\$3.6 million—in personnel. Reflected in the increase for personnel is \$1.6 million for the compensation package approved in the 2022 General Appropriation Act and \$872 thousand for the reclassification of game and fish conservation officers, part of the reclassification of peace officers across state agencies. Pay for conservation officers increased an average of 21 percent in 2022, compared with the statewide average of 9 percent.

**Wildlife Corridors.** The Department of Game and Fish, a partner with the Department of Transportation under the Wildlife Corridors Act of 2019, has provided the research and expertise needed to plan the corridors—overpasses and culverts that allow wildlife to safely cross highways—but could also be a conduit for additional federal funding. State and federal funds for wildlife collision mitigation, including \$2 million appropriated in 2022 specifically for wildlife corridors, are appropriated to the Department of Transportation, but the state could potentially use federal wildlife conservation funds for corridors. The New Mexico Wildlife Corridors Action Plan, released by the partner departments in June 2022 in response to the act, identified 11 priority projects, including a corridor crossing U.S. 64/84 near Chama on land that is part of the Humphries Wildlife Management Area owned by the State Game Commission. Projects on State Game Commission lands could potentially qualify for federal funds if matched with state dollars.

**Fund Balance.** The department is projecting a balance in all funds of \$43.5 million in FY24, a figure down just \$1 million from FY23 projections despite spending down their most significant fund—the game protection fund—by \$8 million over the last two years, primarily for capital outlay. The balance in the game protection fund is projected to be \$16.2 million at the start of FY24. Capital projects funded with game protection fund balances included \$6 million in FY22 for the \$34 million purchase of the L Bar Ranch for wildlife habitat. The department indicated it would use another \$3.5 million for in-agency capital projects in FY23.

**Additional Fund Requests.** In addition to its recurring budget proposal, the department requested a \$9 million special appropriation from the general fund to match \$27 million of federal funds that might eventually be available under the yet-to-be enacted Recovering America's Wildlife Act. In its request, the agency said the money would be used for conservation actions for the species of greatest conservation need in the state wildlife action plan. The federal legislation, adopted by the House but still pending in the Senate as of November, emphasizes efforts to protect endangered and threatened species.

The agency also requested capital outlay of \$1 million from the Sikes Act fund for wildlife habitat and watershed restoration projects and \$500 thousand from the debt service fund to plan and complete renovations to the agency-owned facilities. Between 2018 and 2022, the Legislature appropriated a total of \$39.7 million to the department for capital outlay funded through the game protection and other agency-administered funds. The department had spent almost \$17 million of that through June 2022. Most of the 18 projects funded since 2018 are on schedule, three are behind schedule, and four are complete.

**Performance.** The LFC Program Evaluation Unit in a 2020 report concluded the Department of Game and Fish should consider revising its performance measures to report on the population levels of big game species; the distribution of all hunting licenses, including those initially provided to private landowners under the EPLUS system, to residents and nonresidents; and the effectiveness of its efforts with threatened and endangered species. The agency has not adjusted its measures.

In its budget request, the Game and Fish Department reported it missed the targets on nine of its 15 performance measures with targets during FY22. Two measures had no targets because they are explanatory. In most cases, the agency only slightly missed the target. However, the agency held only one-third of the 300 special operations to deter violators in the target and exceeded its targeted vacancy rate of 9 percent by 7 percentage points.

## **FIELD OPERATIONS**

The purpose of the field operations program is to promote and assist the implementation of law enforcement, habitat and public outreach programs throughout the state.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Federal Revenues	214.0	312.4	312.4	312.4	0.0
Other Revenues	9,846.6	11,126.0	11,126.0	11,126.0	0.0
<b>TOTAL SOURCES</b>	<b>10,060.6</b>	<b>11,438.4</b>	<b>11,438.4</b>	<b>11,438.4</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	7,341.3	8,836.8	8,916.8	8,916.8	0.9
Contractual Services	82.6	128.7	98.7	98.7	(23.3)
Other	2,043.1	2,472.9	2,422.9	2,422.9	(2.0)
<b>TOTAL USES</b>	<b>9,467.0</b>	<b>11,438.4</b>	<b>11,438.4</b>	<b>11,438.4</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	104.0	99.0	99.0	99.0	0.0
<b>TOTAL FTE</b>	<b>104.0</b>	<b>99.0</b>	<b>99.0</b>	<b>99.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Output	Number of conservation officer hours spent in the field checking for compliance	54,256.0	49,984.0	56,000.0	56,000.0	56,000.0
Output	Number of hunter and conservation education programs delivered by field staff	384.0	720.0	800.0	800.0	800.0
Output	Number of special field operations to deter, detect and apprehend off-highway vehicle and game and fish violators	192.0	105.0	300.0	300.0	300.0
Explanatory	Number of citations issued per 100 contacts	4.4	4.0	N/A	N/A	N/A
Explanatory	Percent of noncompliance with wildlife laws	3.9%	0.0%	N/A	N/A	N/A

**CONSERVATION SERVICES**

The purpose of the conservation services program is to provide information and technical guidance to any person wishing to conserve and enhance wildlife habitat and recover indigenous species of threatened and endangered wildlife.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Federal Revenues	15,303.3	14,264.5	14,264.5	14,264.5	0.0
Other Revenues	12,960.4	12,383.5	12,383.5	12,383.5	0.0
<b>TOTAL SOURCES</b>	<b>28,263.7</b>	<b>26,648.0</b>	<b>26,648.0</b>	<b>26,648.0</b>	<b>0.0</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	11,127.8	13,838.5	13,928.5	13,928.5	0.7
Contractual Services	4,159.2	3,878.3	3,413.3	3,413.3	(12.0)
Other	8,589.6	8,748.9	9,123.9	9,123.9	4.3
Other Financing Uses	182.3	182.3	182.3	182.3	0.0
<b>TOTAL USES</b>	<b>24,058.9</b>	<b>26,648.0</b>	<b>26,648.0</b>	<b>26,648.0</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	153.0	150.0	150.0	150.0	0.0
Term	0.0	0.5	0.5	0.5	0.0
Temporary	4.0	1.5	1.5	1.5	0.0
<b>TOTAL FTE</b>	<b>157.0</b>	<b>152.0</b>	<b>152.0</b>	<b>152.0</b>	<b>0.0</b>

**Recommended Language**

The other state funds appropriation to the conservation services program of the department of game and fish in the other financing uses category includes one hundred thousand dollars (\$100,000) from the game protection fund for Ute dam operations and eighty-two thousand three hundred dollars (\$82,300) from the game protection fund for Eagle Nest dam operations for the interstate stream compact compliance and water development program of the state engineer. Any unexpended balances remaining at the end of the fiscal year 2024 from these appropriations shall revert to the game protection fund.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Number of elk licenses offered on an annual basis in New Mexico	37,577.0	38,182.0	35,000.0	35,000.0	35,000.0
* Outcome	Percent of public hunting licenses drawn by New Mexico resident hunters	84%	84%	84%	84%	84%
* Output	Annual output of fish from the department's hatchery system, in pounds	673,974.0	672,642.0	660,000.0	660,000.0	660,000.0
Outcome	Percent of anglers satisfied with opportunity and success	83%	89%	90%	90%	90%
Output	Acres of accessible sportsperson opportunity through the open gate program	208,864.0	195,371.0	210,000.0	210,000.0	210,000.0
Output	Percent of state-threatened, endangered species or candidate species studied and conserved through the state wildlife action plan and other state programs	45%	45%	48%	48%	48%
Output	Percent of New Mexico youth participation annually through education and outreach programs	15%	11%	13%	13%	13%

**WILDLIFE DEPREDAATION AND NUISANCE ABATEMENT**

The purpose of the wildlife depredation and nuisance abatement program is to provide complaint administration and intervention processes to private landowners, leaseholders and other New Mexicans so they may be relieved of, and precluded from, property damage and annoyances or risks to public safety caused by protected wildlife.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Federal Revenues	80.2	0.0	0.0	0.0	0.0
Other Revenues	1,421.1	1,135.0	1,135.0	1,135.0	0.0
<b>TOTAL SOURCES</b>	<b>1,501.3</b>	<b>1,135.0</b>	<b>1,135.0</b>	<b>1,135.0</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	223.5	366.2	366.2	366.2	0.0
Contractual Services	105.3	156.7	156.7	156.7	0.0
Other	412.1	612.1	612.1	612.1	0.0
<b>TOTAL USES</b>	<b>740.9</b>	<b>1,135.0</b>	<b>1,135.0</b>	<b>1,135.0</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	4.3	4.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>4.3</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Percent of depredation complaints resolved within the mandated one-year timeframe	94%	94%	96%	96%	96%
Output	Number of educational publications viewed or distributed with a message about minimizing potentially dangerous encounters with wildlife	1,075,809.0	1,114,874.0	850,000.0	850,000.0	850,000.0
Outcome	Percent of wildlife complaints responded to	100%	100%	99%	99%	99%

**PROGRAM SUPPORT**

The purpose of program support is to provide an adequate and flexible system of direction, oversight, accountability and support to all divisions so they may successfully attain planned outcomes for all department programs.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Federal Revenues	484.0	399.2	399.2	399.2	0.0
Other Revenues	10,009.1	8,571.2	8,571.2	8,571.2	0.0
<b>TOTAL SOURCES</b>	<b>10,493.1</b>	<b>8,970.4</b>	<b>8,970.4</b>	<b>8,970.4</b>	<b>0.0</b>



**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	4,394.9	5,058.9	5,078.9	5,078.9	0.4
Contractual Services	357.0	612.0	612.0	612.0	0.0
Other	2,781.8	3,299.5	3,279.5	3,279.5	(0.6)
<b>TOTAL USES</b>	<b>7,533.7</b>	<b>8,970.4</b>	<b>8,970.4</b>	<b>8,970.4</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	55.7	55.0	55.0	55.0	0.0
<b>TOTAL FTE</b>	<b>55.7</b>	<b>55.0</b>	<b>55.0</b>	<b>55.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury from the close of the accounting period	18.0	18.0	20.0	20.0	20.0
Outcome	Average department-wide vacancy rate for the fiscal year	9.00%	15.88%	9.00%	9.00%	9.00%

**Statutory Authority**

The Energy, Minerals and Natural Resources Department (EMNRD) was created by Sections 9-5A-1 through 9-5A-7 NMSA 1978. The statute creates six divisions: Energy Conservation and Management, Forestry, State Parks, Mining and Minerals, Oil Conservation, and Administrative Services.

**Mission**

The mission of EMNRD is to position New Mexico as a national leader in energy and natural resource areas. This includes developing reliable supplies of energy and energy-efficient technologies with a balanced approach toward conserving renewable and nonrenewable resources; protecting the environment and ensuring responsible reclamation of land and resources affected by mineral extraction; growing and managing healthy, sustainable forests; and improving the state park system that protects New Mexico's natural, cultural, and recreational resources for posterity and contributes to a sustainable economy statewide.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	23,668.9	29,358.5	40,179.7	32,352.9	10.2
Other Transfers	6,149.3	4,281.3	4,281.3	4,281.3	0.0
Federal Revenues	14,279.5	26,407.6	68,910.7	68,910.7	161.0
Other Revenues	33,999.8	17,729.6	31,905.3	31,905.3	80.0
Fund Balance	622.1	2,629.1	10,444.2	10,444.2	297.3
<b>TOTAL SOURCES</b>	<b>78,719.6</b>	<b>80,406.1</b>	<b>155,721.2</b>	<b>147,894.4</b>	<b>83.9</b>
<b>USES</b>					
Personal Services and Employee Benefits	29,628.1	39,782.8	53,490.4	46,793.4	17.6
Contractual Services	15,565.1	15,209.2	62,638.4	62,513.4	311.0
Other	19,294.2	23,854.9	38,033.2	37,028.4	55.2
Other Financing Uses	848.0	1,559.2	1,559.2	1,559.2	0.0
<b>TOTAL USES</b>	<b>65,335.4</b>	<b>80,406.1</b>	<b>155,721.2</b>	<b>147,894.4</b>	<b>83.9</b>
<b>FTE</b>					
Permanent	444.2	414.0	492.6	433.0	4.6
Term	29.0	35.0	72.4	46.0	31.4
Temporary	102.0	45.6	45.6	45.6	0.0
<b>TOTAL FTE</b>	<b>575.2</b>	<b>494.6</b>	<b>610.6</b>	<b>524.6</b>	<b>6.1</b>

**At A Glance**

The Energy, Minerals and Natural Resources Department (EMNRD) requested a total FY24 budget of \$155.7 million, an increase of \$73.3 million, or 93.7 percent, above the FY23 operating budget. The request included a general fund increase of \$10.8 million, or 37 percent, primarily in the Healthy Forests and State Parks divisions. The agency's budget request includes a record \$42.5 million from federal funds, most of which are from the Infrastructure Investment and Jobs Act (IIJA). Federal infrastructure investment will support activity in the Energy Conservation and Management Division, Healthy Forests, Mining and Minerals, the Oil Conservation Division (OCD), and State Parks. The agency also requests a \$14.2 million increase in other state revenues, of which \$13.1 million is governmental gross receipts tax (GGRT) revenue budgeted in OCD. Finally, the agency requests an increase of \$7.8 million, or 297 percent, in fund balance, primarily from the oil reclamation fund, the capital projects, and GGRT fund, to support increased plugging of abandoned wells, as well as mining and oil reclamation efforts statewide. The agency currently has a funded vacancy rate of 20.1 percent.

The IIJA is poised to deliver at least \$3.5 billion to the state for a wide variety of programs, many of which will be administered through EMNRD. The Healthy Forests program expects to receive \$38 million over five years for wildfire mitigation. OCD received \$25 million in FY23 for orphaned well cleanup and will apply for an additional \$25 million in the next federal fiscal year. Mine Reclamation received \$2.8 million in FY23 for abandoned mine remediation and hopes to receive similar federal funding levels in FY24. While current revenues are strong, and fund balances are high because of record years for the oil and gas industry, there is uncertainty in out-year sustainability, which the Legislature will continue monitoring.

The LFC recommendation supports the increases from federal and other state sources. It includes a general fund increase of \$3 million, or 10.2 percent, to add 30 new positions and support targeted salary increases. Given the agency's funded vacancy rate in FY23 of 20 percent, except for adding staff for certain specialized positions in the Healthy Forests program, LFC recommends reclassifying existing vacancies in OCD and State Parks to meet the agency's other personnel requests.

### Budget Issues

**Energy Conservation and Management.** The FY24 budget request for the Energy Conservation and Management Division (ECMD) included an overall increase of 30.7 percent, which included a general fund increase of \$44.2 thousand, or 2.3 percent, in the personnel costs to support two federally funded term employees which will improve response times and increase efficiency within the sustainable building tax incentive program. The LFC recommendation supports this request and the \$1.2 million, or 72.1 percent, increase in federal revenue.

**Healthy Forests.** In response to a record wildfire season, which saw over 899 thousand acres of forests burn, the Healthy Forests program, also known as the State Forestry Division (SFD), requested funding to improve initial attack capacity for wildfires and create a stable full-time workforce to complete off-season forestry work. SFD hopes to accomplish this by creating a group of three hotshot crews. A hotshot crew comprises 22 full-time and part-time staff trained to respond to suppress and stomp out wildfires soon after they start. The agency hopes having a dedicated hotshot crew within the state will not only improve the chances of containing wildfires in the critical early hours but also create a predictable career path for New Mexicans interested in wildland firefighting. The division also requested 13 new positions for fire managers, program coordinators, and foresters to improve interagency fire response and aid in resource coordination. Finally, the division requested seven program coordinators and foresters to increase capacity within the forest and watershed health program and to improve post-fire response. The general fund request also included increases for office equipment and related costs for the requested personnel and vehicle and radio replacements. The agency request increased federal revenue by \$7.8 million or 73.6 percent, other revenues by \$284.1 thousand or 73.2 percent, and fund balance by \$981 thousand or 351 percent.

The committee recommendation supports the addition of 28 FTE and an increase in general fund appropriations of \$2.2 million, or 44.9 percent. Twenty-two of these positions are required for each hotshot crew to meet the standards of the National Wildfire Coordinating Group, which sets benchmarks for wildland fire operations. The general fund increase also supports six new positions to improve interagency fire management and increase the viability of the division's post-wildfire burned area response team. The committee recommendation also supports the requested increases in federal revenues, other revenues, and fund balance.

**State Parks.** Visitation to state parks and related revenue were severely affected in FY22 by the Hermit's Peak and Calf Canyon fires, which forced the total or partial closure of nine state parks. Despite the fires, visitation and revenue continued to improve over FY21, rebounding close to FY20 levels and reversing several years of decline. The State Parks Division (SPD) hopes to continue this positive trend through capital investment and advertising campaigns, supported by state, federal, and general fund revenue increases.

The agency's request increased SPD general fund revenue by \$2.7 million, other state revenue sources by \$871.2 thousand, fund balance from SPD's allocation of governmental gross receipts tax revenue by \$3.7 million, and federal funds by \$4.5 million. The request included an increase of \$2.5 million in the personnel budget and an additional \$9.3 million in contractual services and other costs for fuel and transportation, field supplies, IT equipment, and maintenance or repairs of park roadways and facilities. The agency hopes reclassifying certain positions within State Parks to better reflect their job duties as law enforcement officers will help with recruitment.

The LFC recommendation supports the requested increases to federal and other state funds and provides a general fund increase of \$400 thousand to fill vacant positions and offer targeted raises. The general fund increase also allows for a reprioritization of other state revenues from personnel expenditures to land and infrastructure improvements to ensure SPD has adequate state match for federal funds available for conservation and other large-scale projects. State Parks received \$20 million in federal funding from the American Rescue Plan Act (ARPA), which it has been slow to spend, with only \$4.8 million committed at the close of the first quarter of FY23. The LFC recommendation supports the requested increase in federal funds but will continue monitoring the expenditure of ARPA funds through FY23 and FY24.

**Mine Reclamation.** The FY24 request for the Mine Reclamation Program increased general fund revenue by \$423.4 thousand for fuel, travel, and IT infrastructure and added two new positions for IT systems administration. The request increased federal funds by \$3.8 million and the use of fund balance by \$124.9 thousand. While the LFC recommendation does not support the additional staff, it does support reclassifying existing funded vacancies, 9.2 percent in FY23, to meet the division's staffing needs. The LFC recommendation supports increasing general fund revenue by \$100 thousand, replacing the \$94.4 thousand decrease in other revenues included in the agency request. The committee recommendation also supports the requested increase in federal funds.

**Oil and Gas Conservation.** The Oil and Gas Conservation Division (OCD) requested a budget increase of \$44 million or 333 percent for FY24. The increase consisted of \$2.8 million in general fund appropriations, \$25 million in federal funds from the IJA to plug abandoned and orphaned wells, \$13 million in other revenues from GGRT, and \$3 million in other state funds from the OCD system and hearing fund, oil reclamation fund, and water qual-

ity permit fees fund. OCD's general fund request included an additional 20 FTE for compliance officers, petroleum specialists, environmental specialists, and legal and IT staff. In FY23, OCD had a funded vacancy rate of 12.1 percent, or 8.2 FTE.

The committee recommendation includes a general fund increase of \$100 thousand to support the OCD's personnel budget and also supports the request for increases in other state revenues and federal funds. However, the recommendation does not support the requested increase in funded FTE.

**Program Leadership and Support.** EMNRD's budget request for Program Support increased general fund revenue by \$73.5 thousand or 1.8 percent, and kept all other funding sources flat. The increase was requested for employee retention efforts. The LFC recommendation includes an increase of \$36.8 thousand for this purpose and supports maintaining federal funds and other transfers at their current levels.

### Base Expansion

In the Healthy Forests Program, the agency requested a \$7 million expansion for the creation of three hotshot crews charged with increasing fire preparedness, responding to wildfires statewide, and completing forestry work during the time between fire seasons. The recommendation partially funds this request using \$5.1 million from the general fund and creating one hotshot crew within the program.

In the Energy Conservation and Management Program, the agency requested a \$194 thousand expansion for two additional positions to serve as tax credit processors. The recommendation fully funds this request.

Other expansions not supported by the committee included \$2.3 million for 20 new inspector positions in the Oil Conservation Division and \$257 thousand in the Mine Reclamation Program for implementation of the *Water Data Act*.

#### BASE EXPANSION LISTING FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Adding 86 FTEs to increase fire preparedness, address post-fire issues, and climate change	P741	6,995.1	5,160.0
2	20 FTEs in engineering and environmental and admin staff for OCD	P744	2,320.1	0.0
3	Water Data Act	P743	267.9	0.0
4	Tax credit processing staff additions	P740	194.8	194.8
<b>TOTAL</b>			<b>9,777.9</b>	<b>5,354.8</b>

### ENERGY CONSERVATION AND MANAGEMENT

The purpose of the energy conservation and management program is to develop and implement clean energy programs to decrease per capita energy consumption; use New Mexico's substantial renewable energy resources; minimize local, regional and global air emissions; lessen dependence on foreign oil and reduce in-state water demands associated with fossil-fueled electrical generation.

#### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,194.3	1,934.8	1,979.0	1,979.0	2.3
Other Transfers	90.4	0.0	0.0	0.0	0.0
Federal Revenues	1,595.5	1,911.2	3,289.9	3,289.9	72.1
Other Revenues	379.8	227.4	247.9	247.9	9.0
<b>TOTAL SOURCES</b>	<b>3,260.0</b>	<b>4,073.4</b>	<b>5,516.8</b>	<b>5,516.8</b>	<b>35.4</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	1,528.9	2,421.0	2,830.4	2,830.4	16.9
Contractual Services	598.5	647.7	1,536.8	1,536.8	137.3
Other	678.5	1,004.7	1,149.6	1,149.6	14.4
<b>TOTAL USES</b>	<b>2,805.9</b>	<b>4,073.4</b>	<b>5,516.8</b>	<b>5,516.8</b>	<b>35.4</b>
<b>FTE</b>					
Permanent	15.5	19.0	22.0	21.0	10.5
Term	3.0	2.0	3.0	2.0	0.0
<b>TOTAL FTE</b>	<b>18.5</b>	<b>21.0</b>	<b>25.0</b>	<b>23.0</b>	<b>9.5</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Estimated cumulative energy saved through certified performance audits, in British thermal units (BTUs)	N/A	N/A	N/A	N/A	N/A
Outcome	Estimated reduction in carbon emissions resulting from certified energy savings performance contracts, in metric tons	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of emergency responder and shipment inspection trainings and practice exercises conducted related to the waste isolation pilot plant	27.0	27.0	N/A	N/A	N/A
Explanatory	Number of clean energy projects to which the division provided information and technical assistance	226.0	226.0	N/A	N/A	N/A
Outcome	Percent of completed tax credit applications reviewed within thirty days of receipt	88%	92%	90%	90%	92%

**HEALTHY FORESTS**

The purpose of the healthy forests program is to promote the health of New Mexico's forest lands by managing wildfires, mitigating urban-interface fire threats and providing stewardship of private and state forest lands and associated watersheds.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	3,870.8	4,929.3	9,660.1	7,141.7	44.9
Other Transfers	4,100.8	2,000.0	2,000.0	2,000.0	0.0
Federal Revenues	7,444.6	10,590.2	18,380.1	18,380.1	73.6
Other Revenues	495.7	388.0	672.1	672.1	73.2
Fund Balance	0.0	279.5	1,260.5	1,260.5	351.0
<b>TOTAL SOURCES</b>	<b>15,911.9</b>	<b>18,187.0</b>	<b>31,972.8</b>	<b>29,454.4</b>	<b>62.0</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	5,599.5	8,391.4	16,022.1	14,103.2	68.1
Contractual Services	1,786.2	2,472.5	5,103.3	5,103.3	106.4
Other	5,612.0	7,266.9	10,791.2	10,191.7	40.2
Other Financing Uses	18.4	56.2	56.2	56.2	0.0
<b>TOTAL USES</b>	<b>13,016.1</b>	<b>18,187.0</b>	<b>31,972.8</b>	<b>29,454.4</b>	<b>62.0</b>
<b>FTE</b>					
Permanent	73.0	72.0	123.6	89.0	23.6
Term	6.0	11.0	45.4	22.0	100.0
<b>TOTAL FTE</b>	<b>79.0</b>	<b>83.0</b>	<b>169.0</b>	<b>111.0</b>	<b>33.7</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Output	Number of nonfederal wildland firefighters provided professional and technical incident command system training	1,066.0	883.0	1,500.0	1,500.0	1,500.0
* Output	Number of acres treated in New Mexico's forests and watersheds	14,637.0	14,020.0	14,750.0	14,750.0	15,000.0
Output	Percentage of forest and watershed restoration projects with total funding leveraged from other sources (federal, local, tribal, private and other state funding)	78%	78%	1,000,000%	50%	75%
Output	Percentage of wildland firefighting equipment and training provided to local communities and fire departments in medium/high threat response areas	76%	76%	65%	50%	75%
Output	Percentage of communities with medium/high impervious surface cover that receive technical assistance	50%	50%	50%	50%	60%

**STATE PARKS**

The purpose of the state parks program is to create the best recreational opportunities possible in state parks by preserving cultural and natural resources, continuously improving facilities and providing quality, fun activities and to do it all efficiently.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	8,685.7	9,958.4	12,661.5	10,458.4	5.0
Other Transfers	1,264.8	1,044.0	1,044.0	1,044.0	0.0
Federal Revenues	1,313.8	4,702.7	9,236.7	9,236.7	96.4
Other Revenues	13,079.4	11,556.7	12,427.9	12,427.9	7.5
Fund Balance	0.0	2,349.6	6,042.3	6,042.3	157.2
<b>TOTAL SOURCES</b>	<b>24,343.7</b>	<b>29,611.4</b>	<b>41,412.4</b>	<b>39,209.3</b>	<b>32.4</b>
<b>USES</b>					
Personal Services and Employee Benefits	10,463.5	13,098.3	15,599.2	13,396.1	2.3
Contractual Services	1,606.9	2,018.1	3,270.2	3,270.2	62.0
Other	10,910.7	13,339.9	21,387.9	21,387.9	60.3
Other Financing Uses	725.6	1,155.1	1,155.1	1,155.1	0.0
<b>TOTAL USES</b>	<b>23,706.7</b>	<b>29,611.4</b>	<b>41,412.4</b>	<b>39,209.3</b>	<b>32.4</b>
<b>FTE</b>					
Permanent	223.0	184.0	184.0	184.0	0.0
Term	3.0	5.0	5.0	5.0	0.0
Temporary	102.0	45.6	45.6	45.6	0.0
<b>TOTAL FTE</b>	<b>328.0</b>	<b>234.6</b>	<b>234.6</b>	<b>234.6</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Explanatory	Number of visitors to state parks	4,409,704.0	5,211,898.0	N/A	N/A	N/A
* Explanatory	Amount of self-generated revenue per visitor, in dollars	\$0.65	\$1.01	N/A	N/A	N/A
Explanatory	Number of new proposed Rio Grande Trail miles to the Rio Grande Trail Commission	0.0	0.0	N/A	N/A	N/A

**MINE RECLAMATION**

The purpose of the mine reclamation program is to implement the state laws that regulate the operation and reclamation of hard rock and coal mining facilities and to reclaim abandoned mine sites.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	526.9	928.9	1,352.3	1,028.9	10.8
Other Transfers	77.4	97.1	97.1	97.1	0.0
Federal Revenues	2,869.3	7,530.8	11,296.8	11,296.8	50.0
Other Revenues	660.2	739.4	645.0	645.0	(12.8)
Fund Balance	622.1	0.0	124.9	124.9	0.0
<b>TOTAL SOURCES</b>	<b>4,755.9</b>	<b>9,296.2</b>	<b>13,516.1</b>	<b>13,192.7</b>	<b>41.9</b>
<b>USES</b>					
Personal Services and Employee Benefits	2,999.2	3,415.3	4,135.1	3,849.0	12.7
Contractual Services	826.3	5,297.0	8,637.8	8,637.8	63.1
Other	321.3	535.7	695.0	657.7	22.8
Other Financing Uses	12.2	48.2	48.2	48.2	0.0
<b>TOTAL USES</b>	<b>4,159.0</b>	<b>9,296.2</b>	<b>13,516.1</b>	<b>13,192.7</b>	<b>41.9</b>
<b>FTE</b>					
Permanent	17.9	16.0	20.0	16.0	0.0
Term	13.0	13.0	15.0	13.0	0.0
<b>TOTAL FTE</b>	<b>30.9</b>	<b>29.0</b>	<b>35.0</b>	<b>29.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	99%	99%	98%	98%	99%
Outcome	Percent of inspections of active mining operations showing compliance with approved permits and regulations	83%	83%	98%	98%	98%

**OIL AND GAS CONSERVATION**

The purpose of the oil and gas conservation program is to assure the conservation and responsible development of oil and gas resources through professional, dynamic regulation.



**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	6,451.1	7,575.3	10,421.5	7,676.3	1.3
Other Transfers	88.1	0.0	0.0	0.0	0.0
Federal Revenues	325.7	805.2	25,839.7	25,839.7	3,109.1
Other Revenues	19,384.6	4,818.1	17,912.4	17,912.4	271.8
Fund Balance	0.0	0.0	3,016.5	3,016.5	0.0
<b>TOTAL SOURCES</b>	<b>26,249.5</b>	<b>13,198.6</b>	<b>57,190.1</b>	<b>54,444.9</b>	<b>312.5</b>
<b>USES</b>					
Personal Services and Employee Benefits	5,291.0	7,006.9	9,422.9	7,170.7	2.3
Contractual Services	10,607.9	4,569.7	43,893.8	43,768.8	857.8
Other	1,503.3	1,322.3	3,573.7	3,205.7	142.4
Other Financing Uses	91.8	299.7	299.7	299.7	0.0
<b>TOTAL USES</b>	<b>17,494.0</b>	<b>13,198.6</b>	<b>57,190.1</b>	<b>54,444.9</b>	<b>312.5</b>
<b>FTE</b>					
Permanent	67.0	74.0	94.0	74.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>71.0</b>	<b>78.0</b>	<b>98.0</b>	<b>78.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Number of oil and gas facility inspections reported in high priority sites	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of oil spills reported to the Oil Conservation Division annually	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of violations issued with associated administrative penalties	N/A	N/A	N/A	N/A	N/A
* Output	Number of inspections of oil and gas wells and associated facilities	35,757.0	31,154.0	1,000,000.0	31,000.0	31,000.0
Output	Average number of days to process application drill permits	1.0	88.0	1.0	95.0	90.0
Outcome	Volume of flared gas	15,990,238.0	15,990,238.0	15,990,000.0	0.0	0.0
Explanatory	Volume of produced water injected	898,110,200.0	898,110,200.0	N/A	N/A	N/A
Explanatory	Number of requested hearing and continuances	1,672.0	1,672.0	N/A	N/A	N/A
Explanatory	Volume of produced water recycled	138,135,506.0	138,136,506.0	N/A	N/A	N/A
Outcome	Volume of vented gas	15,990,238.0	512,912.0	15,990,000.0	15,990,000.0	15,990,000.0
* Output	Number of abandoned wells properly plugged	49.0	49.0	50.0	50.0	75.0
Explanatory	Number of violations issued	3,174.0	3,213.0	N/A	N/A	N/A

**PROGRAM LEADERSHIP AND SUPPORT**

The purpose of the program leadership and support program is to provide leadership, set policy and provide support for every division in achieving their goals.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	2,940.1	4,031.8	4,105.3	4,068.6	0.9
Other Transfers	527.9	1,140.2	1,140.2	1,140.2	0.0
Federal Revenues	730.5	867.5	867.5	867.5	0.0
<b>TOTAL SOURCES</b>	<b>4,198.5</b>	<b>6,039.5</b>	<b>6,113.0</b>	<b>6,076.3</b>	<b>0.6</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,745.9	5,449.9	5,480.7	5,444.0	(0.1)
Contractual Services	139.2	204.2	196.5	196.5	(3.8)
Other	268.4	385.4	435.8	435.8	13.1
<b>TOTAL USES</b>	<b>4,153.5</b>	<b>6,039.5</b>	<b>6,113.0</b>	<b>6,076.3</b>	<b>0.6</b>
<b>FTE</b>					
Permanent	47.8	49.0	49.0	49.0	0.0
<b>TOTAL FTE</b>	<b>47.8</b>	<b>49.0</b>	<b>49.0</b>	<b>49.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of prior-year financial audit findings resolved	100.0	99.0	100.0	100.0	100.0
Output	Number of working days after the final grant expenditures are available and the federal funds are allowed to be drawn	30.0	90.0	30.0	90.0	90.0

### Statutory Authority

Sections 9-5B-1 through 9-5B-11 NMSA 1978 establish the New Mexico Youth Conservation Corps Act. The purpose of the act is to provide employment for youth in public projects that conserve New Mexico's natural resources and provide community benefits of lasting value. The corps is administratively attached to the Energy, Minerals and Natural Resources Department (EMNRD).

### Mission

The Youth Conservation Corps' mission is to promote the education, success, and well-being of the youth of New Mexico through the conservation and enhancement of the state's natural resources and provide lasting community benefits.

### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	4,661.1	3,950.9	4,600.0	4,600.0	16.4
Fund Balance	0.0	1,258.8	1,285.3	1,285.3	2.1
<b>TOTAL SOURCES</b>	<b>4,661.1</b>	<b>5,209.7</b>	<b>5,885.3</b>	<b>5,885.3</b>	<b>13.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	101.4	198.8	265.0	265.0	33.3
Contractual Services	2,085.8	4,805.8	5,400.0	5,400.0	12.4
Other	57.7	80.1	95.3	95.3	19.0
Other Financing Uses	125.0	125.0	125.0	125.0	0.0
<b>TOTAL USES</b>	<b>2,369.9</b>	<b>5,209.7</b>	<b>5,885.3</b>	<b>5,885.3</b>	<b>13.0</b>
<b>FTE</b>					
Permanent	2.0	2.0	2.0	2.0	0.0
<b>TOTAL FTE</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>0.0</b>

### At A Glance

The Youth Conservation Corps (YCC) is funded with governmental gross receipts tax (GGRT) revenues. GGRT revenue received does not revert and is held in the agency's fund balance. YCC had a fund balance of \$9.7 million at the close of FY22, up from zero in FY21. The agency works with many federal, state, and local government entities, Native American tribes, political subdivisions, and nonprofit groups on urban and natural environmental improvement projects. The agency's FY24 appropriation request represents a 13 percent increase over FY23—the LFC recommendation fully funds the request.

### Budget Issues

YCC's FY24 base budget request is \$649.1 thousand (13 percent) more than the FY23 budget. The additional money will allow the agency to increase the per-project award cap from \$150 thousand to \$175 thousand. YCC expects to fund about 45 to 50 projects and to disburse earned benefits (education vouchers of up to \$1,500 or additional cash compensation of up to \$500 for corps members that meet established criteria) to about 25 to 30 corps members.

In the August 2022 *Labor Market Review*, the Workforce Solutions Department (WSD) reported New Mexico's youth unemployment rate was 10.1 percent, compared with the state average of 4.5 percent. According to WSD, one in five New Mexicans age 18 to 24 did not have a high school diploma or equivalent, indicating a need for youth job training. YCC is working with other state agencies to find ways to increase youth employment in agency programs that encourage and support outdoor recreation and economic development. Creating job opportunities in state government for New Mexican teenagers could introduce youth to a career path they otherwise might not consider and encourage young adults to seek government for the long term.

YCC derives its funding primarily from a 10 percent distribution of GGRT revenue. In FY22, YCC's GGRT distribution was \$3.9 million, and approximately \$1.3 million was budgeted from the fund balance. The agency reports having rebounded from the pandemic in FY23 and successfully funded 25 percent more projects than in FY22 and anticipates funding between 40 and 50 projects in FY24.

The State Parks Division of the Energy, Minerals and Natural Resources Department also receives a GGRT distribution but often has infrastructure maintenance and improvement needs that exceed its funding sources. In FY23, the Legislature provided \$1 million in the General Appropriation Act from YCC's fund balance to use for cooperative procurement agreements with other state agencies. A comprehensive mapping project under the Mining & Minerals Division will begin soon, and the State Land Office and State Historic Sites have expressed interest in an agreement. YCC continues to work with other state and federal entities (Western New Mexico University, Eastern New Mexico University, New Mexico Highlands University, the National Park Service, State Outdoor Recreation Division, and the State Land Office) to develop and encourage youth to pursue further education and opportunities in the outdoors and conservation-related careers in New Mexico.

The agency missed its youth unemployment target by 50 percent in FY22. It is making progress toward accomplishing more of its performance goals but will need to continue to show improvement, especially as it works to hire more of New Mexico's youth for conservation projects in FY24.

In FY23, work projects included conservation projects on Santa Ana, Sandia, Jemez, Acoma, Zuni, and Santa Clara pueblos, preparation of a river-side park in Bloomfield, trail improvement work in Gallup, Silver City, and Los Alamos, and watershed assessments in northern New Mexico. YCC also worked on fire recovery projects in Ruidoso and northern New Mexico and municipal park improvements in Tucumcari, Las Cruces, Albuquerque, Taos, Mountainair, Española, and Columbus. Compared with last year, approximately 25 percent more proposals were successfully funded, and the number of youth hired increased by 20 percent, an encouraging rebound from the past two years. The total amount of funding allocated is \$4.2 million. Approximately 525 youth have been hired as a result of this funding. Thirty-three youths are eligible for full corps member benefits, and another 43 may receive partial benefits.

### **YOUTH CONSERVATION CORPS**

The purpose of the youth conservation corps is to provide funding for the employment of New Mexicans between the ages of fourteen and twenty-five to work on projects that will improve New Mexico's natural, cultural, historical and agricultural resources.

#### **PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
* Output	Number of youth employed annually	455.0	394.0	840.0	840.0	840.0
Outcome	Percent of all grant award monies used for wages for corps member wages	76%	80%	77%	77%	77%
Outcome	Percent of eligible corps members receiving tuition reimbursement	75%	57%	85%	85%	85%

**Statutory Authority**

The Intertribal Ceremonial Office was created pursuant to the Intertribal Ceremonial Act, Sections 9-15C-1 to 9-15C-5 NMSA 1978, and is administratively attached to the Tourism Department. Four entities administer, promote, and produce the intertribal ceremonial event: The Intertribal Ceremonial Office (ICO), a state agency; the Gallup Intertribal Ceremonial Association (GICA), a nonprofit organization; the Intertribal Ceremonial Board, part of the nonprofit; and the Tourism Department, which provides administrative oversight.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	159.6	328.1	0.0	328.1	0.0
Other Transfers	1.8	0.0	0.0	0.0	0.0
Other Revenues	78.1	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>239.5</b>	<b>328.1</b>	<b>0.0</b>	<b>328.1</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	94.4	82.3	0.0	82.3	0.0
Contractual Services	39.0	134.8	0.0	134.8	0.0
Other	30.0	111.0	0.0	111.0	0.0
<b>TOTAL USES</b>	<b>163.4</b>	<b>328.1</b>	<b>0.0</b>	<b>328.1</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	1.0	1.0	0.0	1.0	0.0
<b>TOTAL FTE</b>	<b>1.0</b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>

**At A Glance**

The Intertribal Ceremonial Office (ICO) requested no funding for FY24. The committee recommends \$328 thousand in general fund revenue, maintaining funding levels with FY23.

**Budget Issues**

The budget for the Intertribal Ceremonial Office, administratively attached to the Tourism Department, has grown substantially from \$50 thousand in FY18, mostly to fund a contract with the Gallup Intertribal Indian Ceremonial Association (GITICA), to \$328 thousand in FY23 for a budget that includes a full-time director of the state agency, marketing expenses, and event production.

The 100th Intertribal Ceremony was held over two weeks in 2022, with the state agency managing the first week, which included a film premier, art gallery, and the ceremonial queen pageant event, and the nonprofit group GITCA managing the second week, which included rodeo events, a ceremonial dinner and private auction, and an intertribal powwow. The state agency and nonprofit agreed to cohost the 100th annual event as long as marketing for the ceremonial was consistent throughout events, only one website was used, and the nonprofit fulfilled all contract provisions, including audit requirements necessary to receive state funding.

The LFC FY24 recommendation keeps revenue and spending flat with FY23. The recommendation includes suggested language to ensure that any local entity receiving funds meets necessary audit requirements.

**INTERTRIBAL CEREMONIAL OFFICE**

The purpose of the intertribal ceremonial office is to aid in the planning, coordination and development of a successful intertribal ceremonial event in coordination with the Native American population.

**Recommended Language**

The general fund appropriations to the intertribal ceremonial office established under Sections 9-15C-1 to 9-15C-5 NMSA 1978 include three hundred twenty-eight thousand one hundred dollars (\$328,100) authorized for use to enter into contracts and agreements with public entities provided that those entities fulfill all necessary audit requirements as determined by the tourism department and state auditor's office.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Output	Number of intertribal ceremonial tickets sold	0.0	0.0	7,000.0	0.0	7,000.0
Outcome	Percent of operating revenue from sources other than the general fund	0%	47%	50%	0%	50%
Output	Number of sponsorships	75.0	1.0	50.0	0.0	50.0

**Statutory Authority**

The Commissioner of Public Lands is an elective office created in the New Mexico Constitution (Article V, Section 1). Responsibilities of the office are provided in Sections 19-1-1 through 19-1-24 NMSA 1978 and consist of the management, care, custody, and control of state trust lands allocated to specific beneficiaries by the federal Ferguson Act. State trust lands include 8.9 million land surface acres and 13.4 million subsurface, or mineral, acres administered by the commissioner through the State Land Office (SLO). Each acre is designated to a specific beneficiary, with educational institutions the beneficiary of 90 percent of the acreage. The agency is divided into three primary divisions: Surface Resources Management; Oil, Gas, and Mineral Resources; and Administrative Services.

**Mission**

Activities of SLO include leasing state trust lands for mineral, oil, and gas development and agricultural uses; processing and collecting rentals and royalties from the lease of trust lands, including related audit and collection efforts; identifying trust lands with commercial and residential potential and planning or overseeing planning of those lands; leasing and exchanging land for commercial, industrial, and recreation uses; and issuing rights-of-way to various interests.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	28,215.5	21,866.2	23,517.5	23,517.5	7.6
<b>TOTAL SOURCES</b>	<b>28,215.5</b>	<b>21,866.2</b>	<b>23,517.5</b>	<b>23,517.5</b>	<b>7.6</b>
<b>USES</b>					
Personal Services and Employee Benefits	15,029.2	16,755.5	17,473.4	17,473.4	4.3
Contractual Services	2,587.4	2,739.5	2,877.9	2,877.9	5.1
Other	2,316.8	2,371.2	3,166.2	3,166.2	33.5
<b>TOTAL USES</b>	<b>19,933.4</b>	<b>21,866.2</b>	<b>23,517.5</b>	<b>23,517.5</b>	<b>7.6</b>
<b>FTE</b>					
Permanent	189.0	178.5	181.5	181.5	1.7
Temporary	5.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>194.0</b>	<b>178.5</b>	<b>181.5</b>	<b>181.5</b>	<b>1.7</b>

**At A Glance**

The Commissioner of Public Lands, or State Land Office (SLO), asked for an overall 7.6 percent increase from the FY23 operating budget, with most of the increase split between additional personnel to handle a growing and increasingly complex workload and a satellite data service capable of tracking daily activity on trust land. The almost \$24 million budget request for the office, funded with income from activities on state trust lands that do not permanently deplete a resource, was a \$1.6 million increase over FY23, \$177 thousand of which was in an expansion request for 2 FTE. The LFC recommendation supports the agency request.

**Budget Issues**

The 7.6 percent requested increase from SLO—funded from the land maintenance fund, which derives its revenue from grazing and rights of way fees, bonuses paid for the right to lease oil and gas tracts, renewable energy and business leases, and other sustainable trust land activities—would increase personnel by \$717.9 thousand and other spending by \$795 thousand.

The 4 percent increase for personnel included a \$176.5 thousand expansion for two new positions for growing workload in the Oil, Gas and Minerals and Commercial Resources divisions and \$541.4 thousand to fill vacancies. SLO's vacancy rate of 7.6 percent, or about 13 positions, is less than half the statewide average of 21.2 percent. The agency already has funding to fill about four of those positions. At the average cost per position for the agency, the additional funds would allow for another 5.5 positions.

Most of the requested increase in other uses, \$600 thousand, was to build into the operating budget a subscription to Planet Labs, a satellite service SLO uses to track activity on state trust lands that has been funded for the past three years through a \$1.45 million special appropriation in the 2020 General Appropriation Act. Planet Labs uses artificial intelligence to interpret satellite images to detect changes on state trust land parcels. The "change detection" can tell the agency when mines, roads, illegal dumping, and other unauthorized activities have occurred. Planet provides SLO with

daily images from the Permian Basin and weekly images of the entire state and will provide additional images on request. SLO reported the service provided a 14:1 return in its first year, although the return on investment declined slightly in subsequent years. SLO is considering collaborating with the Taxation and Revenue Department and Oil Conservation Division of the Energy, Minerals and Natural Resources Department on expanding the use of Planet. The FY24 request for other uses was a 33 percent increase over FY23.

Both the additional positions and the Planet subscription potentially could improve SLO's ability to generate income and the committee supports the agency request.

**Revenues.** The SLO request for FY24 represents a third of the income the agency projects it will generate in FY24 for the land maintenance fund. Money left in that fund after SLO expenses are, along with much larger distributions from the land grant permanent fund, distributed to the 22 educational and state entities that are beneficiaries of the trust land. (Public schools are the primary beneficiary of trust land income, generally receiving between 80 and 90 percent of all distributions.) While the agency receives no income from the general fund, higher spending at the agency reduces the amount distributed to beneficiaries, increasing their reliance on general fund revenue in some cases.

However, the agency leans toward conservative estimates of income because of the volatility of the oil and gas industry—the source of most of its income—and income to the fund may be greater. In addition, distributions from the land maintenance fund are a fraction of those from the land grant permanent fund, the depository for revenue from trust land activity that depletes the resource, like mining, that is invested on behalf of the beneficiaries, which then receive the investment income. Total FY24 distributions from the land maintenance fund are estimated at \$54.4 million, compared with estimated permanent fund distributions of \$1.1 billion.

Annual income in the land maintenance fund grew 37 percent between FY21 and FY22, from \$67.5 million in the peak pandemic year to \$92.9 million. SLO estimates revenue will decline in FY23, to \$66.9 million, then increase in FY24 to \$78.7 million. Land maintenance fund revenue from FY18 to FY20, prepandemic years with an oil production boom, averaged \$159 million. The agency notes 98 percent of its parcels in the oil-rich Permian Basin are leased, depressing its ability to raise maintenance fund revenue going forward. While royalties on oil production are paid into the permanent fund, only the lease bonuses—a payment made to secure the right to lease the parcel—go into the maintenance fund. With few new leases available, bonus income has dropped significantly, although that income is being made up partially by bonus income from commercial leases for wind farms.

Permanent fund income has exploded with the oil boom, with \$5.7 billion raised over the last four fiscal years. FY22 earnings hit a record \$2.4 billion, twice the record set in FY21 when revenues hit \$1.2 billion. SLO is estimating \$863.2 million in revenue for the permanent fund in FY23 and \$1.21 billion in FY24. Not reflected in its estimate is a proposal to raise the oil and gas royalty rate to 25 percent to match the rate in Texas. SLO is expected to seek legislation during the 2023 session that would raise the royalty rate and possibly the rent on oil and gas parcels, now set at \$1 an acre.

**Performance.** The State Land Office met the performance targets on all but two of its 10 measures. The office fell short on the amount collected through oil and natural gas audit activities, bringing in slightly less than the \$2 million goal. The agency said the number of audits conducted was hindered by the impact of the pandemic on in-person meetings, high staff turnover, and greater compliance among companies that have been audited in the past. The office also missed the target for the treatment of trust land for future sustainability, reporting it treated 17,330 acre with a goal of 25 thousand acres. While the agency had a \$3.7 million balance in its restoration and remediation fund as of September 2022 and could have funded additional work, the agency reported efforts were hampered by weather and wildfires. However, SLO reported existing remediation fund balances are inadequate to address ongoing needs and those created by wildfires, and the agency asked for budget adjustment language that would aid efforts to draw federal natural disaster funds. The agency met or exceeded targets for wells plugged and sites reclaimed, percent of total income distributed to beneficiaries, and income generated through bonuses and royalties on oil and gas acreage, commercial leases, renewable energy projects, and trespass cases. Consistently exceeding targets is often an indication the target is too low.

SLO received unmodified (clean) audits in 2020 and 2021. The agency's major IT project, the replacement for ONGARD (the oil and gas accounting system) called the Royalty Administration and Revenue Processing System, was completed on schedule and on budget.

### Base Expansion

The State Land Office requested \$176.5 thousand to create two full-time positions: a management analyst in the Oil, Gas and Minerals Division and an economic development representative in the Commercial Resources Division. The Oil, Gas and Minerals Division employee would process royalty allocations and applications for commingling units, which involve the wells within federal/state leasing units that generate 80 percent of trust land revenue. According to SLO, the workload for royalty allocations has increased more than 40 percent over the last two years. SLO contended the new employee is needed in Commercial Resources because of growing complexity in its commercial leases. Negotiating commercial leases—which now include community partnerships, high-value agreements such as that with Netflix, and the staged, multi-factor payment plans in renewable energy leases—is more time-consuming than the simple land-use commercial agreements the office has typically been involved in. The agency said both new positions will help the agency generate additional revenue. Given both the oil production boom and the agency's aggressive move into renewable energy, the agency's workload in these areas has increased and the committee supports the request.



**BASE EXPANSION LISTING  
FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Two New FTE	P615	176.5	176.5
<b>TOTAL</b>			<b>176.5</b>	<b>176.5</b>

**COMMISSIONER OF PUBLIC LANDS**

The purpose of the land trust stewardship program is to generate sustainable revenue from state trust lands to support public education and other beneficiary institutions and to build partnerships with all New Mexicans to conserve, protect and maintain the highest level of stewardship for these lands so that they may be a significant legacy for generations to come.

**Recommended Language**

The commissioner of public lands is authorized to hold in suspense amounts eligible, because of the sale of state royalty interests, for tax credits under Section 29 of the Internal Revenue Code above those amounts required by law to be transferred to the land grant permanent fund. The commissioner may expend as much of the money so held in suspense, as well as additional money held in escrow accounts resulting from the sales and money held in fund balances, as is necessary to re-purchase the royalty interests pursuant to the agreements.

**PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Output	Number of wells plugged and sites reclaimed through compliance and enforcement efforts.	NEW	NEW	20.0	20.0	20.0
Output	Total trust revenue generated, in millions	1,250.0	2,293.8	900.0	1,200.0	1,500.0
Outcome	Bonus income per acre leased for oil and gas activities, in dollars	\$460.00	\$1,039.53	\$475.00	\$47,500.00	\$600.00
* Outcome	Dollars generated through oil and natural gas audit activities, in millions	\$4	\$2	\$3	\$2	\$2
* Output	Average income per acre from oil, natural gas and mining activities, in dollars	\$521	\$1,046	\$375	\$375	\$500
Output	Percent of total trust revenue allocated to beneficiaries	98%	99%	98%	98%	98%
* Output	Number of acres treated to achieve desired conditions for future sustainability	53,350.0	17,330.0	30,000.0	30,000.0	30,000.0
Output	Annual income from renewable energy	\$1,688,740	\$12,064,546	\$2,100,000	\$2,100,000	\$2,100,000
Output	Annual income from commercial/leasing activities	\$8,044,299	\$12,227,328	\$7,000,000	\$7,000,000	\$7,000,000
Output	Annual revenue distributed related to trespass cases	\$4,308,321	\$1,304,187	\$1,000,000	\$1,000,000	\$1,000,000

**Statutory Authority**

The Office of the State Engineer (OSE) and the Interstate Stream Commission (ISC) are companion agencies. Pursuant to Section 72-2-1 through 72-2-18 NMSA 1978, the state engineer, appointed by the governor and confirmed by the Senate, is responsible for supervision of New Mexico's water resources, including the measurement, appropriation, and distribution of the resources.

ISC consists of nine members. Eight are appointed by the governor and the ninth member is the state engineer, who serves as the commission secretary. Pursuant to Section 72-14-1 through 72-14-44 NMSA 1978, ISC negotiates compacts with other states, settles interstate water controversies, and is responsible for fostering equitable distribution and division of water in interstate stream systems. New Mexico is currently party to eight interstate stream compacts. ISC also operates and maintains the Ute Dam. ISC has an administrative director who also serves as the deputy state engineer.

**Mission**

The mission of OSE is to actively protect and manage the water resources of New Mexico for beneficial uses by its people and in accordance with law.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	20,276.9	26,959.7	30,209.7	28,744.7	6.6
Other Transfers	13,237.3	12,395.9	12,395.9	12,395.9	0.0
Federal Revenues	68.2	0.0	0.0	0.0	0.0
Other Revenues	4,735.2	2,982.8	3,301.3	3,301.3	10.7
Fund Balance	728.4	755.4	755.4	555.4	(26.5)
<b>TOTAL SOURCES</b>	<b>39,046.0</b>	<b>43,093.8</b>	<b>46,662.3</b>	<b>44,997.3</b>	<b>4.4</b>
<b>USES</b>					
Personal Services and Employee Benefits	23,781.0	30,398.5	31,974.2	32,028.6	5.4
Contractual Services	5,566.0	6,960.7	8,095.7	7,245.7	4.1
Other	4,881.7	5,654.6	6,512.4	5,643.0	(0.2)
Other Financing Uses	4,580.0	80.0	80.0	80.0	0.0
<b>TOTAL USES</b>	<b>38,808.7</b>	<b>43,093.8</b>	<b>46,662.3</b>	<b>44,997.3</b>	<b>4.4</b>
<b>FTE</b>					
Permanent	314.0	315.0	327.0	319.0	1.3
Term	4.0	5.0	5.0	5.0	0.0
Temporary	4.0	1.0	2.0	2.0	100.0
<b>TOTAL FTE</b>	<b>322.0</b>	<b>321.0</b>	<b>334.0</b>	<b>326.0</b>	<b>1.6</b>

**At A Glance**

The Office of the State Engineer (OSE) requested a total budget of \$46.6 million for FY24, \$3.6 million more than the FY23 operating budget. The agency's request held transfers and use of fund balance flat while increasing general fund appropriations by \$3.3 million and other revenues by \$319 thousand. The agency requested 13 new positions for drought management and the creation of a new capital projects management unit. The expansion request is in response to recommendations in the *50-Year Water Plan* and the report from the governor's water policy and infrastructure task force. The agency's funded vacancy rate, as of September 2022, was 11.5 percent (35 FTE).

The LFC recommendation provides a 5 percent general fund increase and funds four new positions within the Program Support Division to manage capital projects and one additional water resources professional in the Interstate Stream Commission (ISC). However, the agency's overall vacancy rate rose from 9.5 percent in FY22 to 11.5 percent in FY23. The committee does not recommend funding the other requested positions in ISC or the Water Resource Allocation Program.

**Budget Issues**

**Revenues.** In addition to general fund appropriations, OSE receives revenue from the irrigation works construction fund (IWCF), the improvement of the Rio Grande income fund (IRGIF), the emergency drought water agreement fund, the New Mexico unit fund, and the New Mexico Finance Authority water project fund. The IWCF and the IRGIF receive annual distributions from the land grant permanent fund and the land maintenance fund; they also earn interest on long-term investments of the income funds managed by the State Investment Council (SIC). The FY22 ending balance of the IWCF in the state treasury was \$15.6 million, while the IRGIF had an FY22 ending balance of \$3.8 million.

Appropriations from IWCF and IRGIF are intended to be used primarily for water conservation and management projects to support acequias, community ditches, and other partners. Still, OSE has used both funds to support agency operations for many years. In FY23, \$8.4 million was appropriated from both funds to the agency's operating budget, down \$13.34 million, or 37 percent from FY22.

OSE planned to gradually reduce operating expenditures from the IWCF and IRGIF, which it has accomplished primarily by shifting operating expenses to the general fund. However, the agency's FY24 request maintained flat revenue from these funds compared with FY23. Based on the fiscal health of the IWCF, in particular, LFC recommends a \$200 reduction in fund balance usage. To maintain the agency's relatively flat budget request, the recommendation includes \$8.2 million from the IWCF and IRGIF, a 2.4 percent decrease from FY24.

**Water Resource Allocation Program.** New Mexico must responsibly and proactively manage water resources in the Lower Rio Grande Basin to support its Rio Grande compact compliance litigation efforts in a lawsuit against Texas. The LFC recommendation for the Water Resource Allocation Program (WRAP) increases general fund revenue by \$920 thousand, or 5.8 percent, and other revenues by \$122.7 thousand, or 17.7 percent.

As of the agency's budget request submission, WRAP had 30 vacant positions, 11 of which can be filled with current funding. The program cites its vacancy rate as the reason for lagging performance, such as long processing times and backlogs. The agency should consider using surplus funding for targeted increases for recruitment and retention, and the LFC recommendation includes a general fund increase of \$300 thousand for this purpose.

**Interstate Stream Compact Compliance Program.** The Interstate Stream Commission (ISC) program staff is tasked with ensuring New Mexico's compliance with interstate stream compacts, resolving conflicts under those compacts, and planning for the state's future water use. ISC provides technical support to the state Attorney General for U.S. Supreme Court litigation with Texas. At risk in this case is a large volume of surface water and, consequently, the economic health of the Lower Rio Grande region, which depends on that water for agriculture.

ISC was the recipient of a \$17 million special appropriation for FY20 through FY24 to develop a water management pilot project for the lower Rio Grande. The agency has spent \$10 million, or 41 percent, of the appropriation on hydrological studies and the evaluation of drought management strategies, including rotational, voluntary fallowing; aquifer recharge; infrastructure improvement; and supply augmentation.

The agency's FY24 request for ISC increased general fund revenue by \$1.6 million, or 52 percent. The LFC recommendation increases general fund revenue by \$650 thousand, or 21 percent. It adds one water resources professional position to support the program's role in the state's long-term water resources planning.

**Litigation and Adjudication Program.** The Litigation and Adjudication Program (LAP) provides legal and technical representation for the state in the multiple ongoing water rights adjudications in state and federal courts. LAP staff also collaborate closely with the Office of the Attorney General on the *Texas v. New Mexico* case and in related settlement discussions. Attorneys for New Mexico and Texas have been negotiating a settlement and are aiming to complete the deal ahead of a trial, tentatively scheduled for January 2023.

OSE requested an overall budget increase of \$165 thousand for LAP from the general fund and an additional \$200 thousand from other revenues. LFC recommends a general fund increase of \$100 thousand and supports the agency's request for other revenues to reduce the program's funded vacancy rate of 11.6 percent.

**Program Support.** In Program Support, the agency requested a general fund increase of \$535 thousand to create a four-member capital project management unit, including a new deputy cabinet secretary level position, and requests an additional \$85 thousand to cover inflationary increases. The agency justifies this by citing the expanded role the agency will play in implementing the recommendations from the 50-year plan and the water policy and infrastructure task force.

The committee recommendation supports the expansion request, which will cost \$450 thousand, for the capital project management team. Rather than support the inflationary increase, the committee recommends using vacancy savings and a \$50 thousand increase from the general fund to target pay raises for water resources professionals and some vacant positions.

**Spending Capacity.** From FY21 to FY23 OSE received over \$77 million in federal funds from the American Rescue Plan Act (ARPA) for dam rehabilitation, dynamic fallowing in the middle Rio Grande conservancy district (MRGCD), acequia maintenance, and the Indian water rights settlement fund.

To date, the department has only managed to spend \$8.1 million, or 10.4 percent, of these funds, with \$8 million spent on the MRGCD following project and \$50 thousand on acequias. None of the federal funding for dam rehabilitation or the IWRSF has been expended. Of the \$93 million in capital outlay funding received by the agency from FY18 to FY22, \$67 million, or 71 percent, had been expended as of September 2022.

### Base Expansion

In the Interstate Stream Commission, the agency requested a \$300 thousand expansion to create two additional positions charged with implementing a Lower Rio Grande groundwater depletion reduction program. The recommendation partially funds this request using \$150 thousand from the general fund and creating one new position within the program. The agency also requested a \$200 thousand expansion using other state funds to reduce vacancy rates within the program using other state funds, which the recommendation supports.

In the Water Resource Allocation Program, the agency requested a \$122.7 thousand expansion using other state funds to fully budget water master salary reimbursements received by the agency. In the Program Support Division, the agency requested a \$450 thousand expansion to fund four new positions in a capital programs management unit. The new positions include two water resource professionals, one financial coordinator, and one deputy chief of staff position to oversee the unit. The committee recommendation includes full funding for these expansions.

Other expansions not supported by the committee included two new positions for cannabis permitting, blanket funding for inflationary increases, and 5 new FTE in the Water Resource Allocation Program to assist with implementing the Lower Rio Grande groundwater depletion reduction program.

### BASE EXPANSION LISTING FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Cannabis Permit Staffing	P551	300.0	0.0
0	Dedicated OSE/ISC Capital Project Management Unit	P554	300.0	300.0
0	Exempt Deputy/Chief of Staff	P554	150.0	150.0
0	Implement 50-Year Water Plan & Complete 2023 State Water Plan	P552	750.0	250.0
0	LAP WPF 200 Cat Increase	P553	200.0	200.0
0	Lower Rio Grand Depletion Prog.	P551	450.0	0.0
0	Lower Rio Grande Groundwater Depletion Prog.	P552	300.0	150.0
0	Maintenance of Service Level Inflationary Increase	P551	170.0	0.0
0	Maintenance of Service Level Inflationary Increase	P552	580.0	0.0
0	Maintenance of Service Level Inflationary Increase	P553	165.0	0.0
0	Maintenance of Service Level Inflationary Increase	P554	85.0	0.0
0	WRAP Water Master Salary Increase	P551	122.7	122.7
<b>TOTAL</b>			<b>3,572.7</b>	<b>1,172.7</b>

### WATER RESOURCE ALLOCATION

The purpose of the water resource allocation program is to provide for efficient use of the available surface and underground waters of the state so any person can maintain their quality of life and to provide safety inspections of all nonfederal dams within the state so owners and operators of such dams can operate the dams safely.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	12,246.3	15,731.1	16,651.1	15,916.1	1.2
Other Transfers	1,350.1	723.9	723.9	723.9	0.0
Federal Revenues	53.2	0.0	0.0	0.0	0.0
Other Revenues	1,121.0	694.5	817.2	817.2	17.7
<b>TOTAL SOURCES</b>	<b>14,770.6</b>	<b>17,149.5</b>	<b>18,192.2</b>	<b>17,457.2</b>	<b>1.8</b>
<b>USES</b>					
Personal Services and Employee Benefits	12,249.1	14,910.1	15,590.8	15,217.8	2.1
Contractual Services	331.2	626.5	626.5	626.5	0.0
Other	1,630.0	1,612.9	1,974.9	1,612.9	0.0
<b>TOTAL USES</b>	<b>14,210.3</b>	<b>17,149.5</b>	<b>18,192.2</b>	<b>17,457.2</b>	<b>1.8</b>
<b>FTE</b>					
Permanent	171.0	171.0	177.0	170.0	(0.6)
<b>TOTAL FTE</b>	<b>171.0</b>	<b>171.0</b>	<b>177.0</b>	<b>170.0</b>	<b>(0.6)</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Output	Average number of unprotested new and pending applications processed per month	37.0	58.0	35.0	35.0	35.0
Explanatory	Number of unprotested and unaggrieved water right applications backlogged	522.0	499.0	N/A	N/A	N/A
* Outcome	Number of transactions abstracted annually into the water administration technical engineering resource system database	24,029.0	28,665.0	21,000.0	21,000.0	21,000.0
Outcome	Number of notices issued to owners of publicly-owned dams notifying them of deficiencies or potential issues	78.0	61.0	45.0	45.0	45.0

**INTERSTATE STREAM COMPACT COMPLIANCE AND WATER DEVELOP**

The purpose of the interstate stream compact compliance and water development program is to provide resolution of federal and interstate water issues and to develop water resources and stream systems for the people of New Mexico so they can have maximum sustained beneficial use of available water resources.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,732.9	3,130.7	4,760.7	4,030.7	28.7
Other Transfers	9,370.1	9,102.7	9,102.7	9,102.7	0.0
Federal Revenues	14.9	0.0	0.0	0.0	0.0
Other Revenues	1,204.9	147.6	143.4	143.4	(2.8)
Fund Balance	728.4	755.4	755.4	555.4	(26.5)
<b>TOTAL SOURCES</b>	<b>13,051.2</b>	<b>13,136.4</b>	<b>14,762.2</b>	<b>13,832.2</b>	<b>5.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,739.1	5,869.5	6,114.5	6,291.9	7.2
Contractual Services	3,829.6	4,478.7	5,553.7	4,763.7	6.4
Other	2,137.2	2,788.2	3,094.0	2,776.6	(0.4)
Other Financing Uses	4,500.0	0.0	0.0	0.0	0.0
<b>TOTAL USES</b>	<b>14,205.9</b>	<b>13,136.4</b>	<b>14,762.2</b>	<b>13,832.2</b>	<b>5.3</b>
<b>FTE</b>					
Permanent	42.0	40.0	42.0	41.0	2.5
Term	4.0	5.0	5.0	5.0	0.0
Temporary	2.0	1.0	2.0	2.0	100.0
<b>TOTAL FTE</b>	<b>48.0</b>	<b>46.0</b>	<b>49.0</b>	<b>48.0</b>	<b>4.3</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Cumulative state-line delivery credit per the Pecos river compact and amended decree at the end of the calendar year, in acre-feet	161,600.0	157,200.0	0.0	161,600.0	161,600.0
* Outcome	Cumulative state-line delivery credit per the Rio Grande compact at the end of the calendar year, in acre-feet	(96,300.0)	(127,100.0)	0.0	(150,000.0)	(150,000.0)
Explanatory	Cumulative New Mexico unit fund expenditures	22,050,000.0	21,999,223.0	N/A	N/A	N/A

**LITIGATION AND ADJUDICATION**

The purpose of the litigation and adjudication program is to obtain a judicial determination and definition of water rights within each stream system and underground basin to effectively perform water rights administration and meet interstate stream obligations.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	2,240.0	2,988.2	3,153.2	3,188.2	6.7
Other Transfers	2,043.5	2,569.3	2,569.3	2,569.3	0.0
Other Revenues	2,409.2	2,140.7	2,340.7	2,340.7	9.3
<b>TOTAL SOURCES</b>	<b>6,692.7</b>	<b>7,698.2</b>	<b>8,063.2</b>	<b>8,098.2</b>	<b>5.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	4,491.4	5,546.3	5,746.3	5,946.3	7.2
Contractual Services	1,319.7	1,635.8	1,695.8	1,635.8	0.0
Other	376.6	436.1	541.1	436.1	0.0
Other Financing Uses	80.0	80.0	80.0	80.0	0.0
<b>TOTAL USES</b>	<b>6,267.7</b>	<b>7,698.2</b>	<b>8,063.2</b>	<b>8,098.2</b>	<b>5.2</b>
<b>FTE</b>					
Permanent	62.0	63.0	63.0	63.0	0.0
Temporary	2.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>64.0</b>	<b>63.0</b>	<b>63.0</b>	<b>63.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Number of cases docketed in the State Engineer's Hearing Unit	0.0	0.0	N/A	N/A	N/A
Outcome	Proportion of sections within each adjudication for which partial final judgement and decrees have been entered.	0.0%	0.0%	0.0%	25.0%	25.0%
* Outcome	Number of offers to defendants in adjudications	381.0	142.0	300.0	300.0	300.0
* Outcome	Percent of all water rights claims with judicial determinations	73%	77%	76%	76%	76%

**PROGRAM SUPPORT**

The purpose of program support is to provide necessary administrative support to the agency programs so they may be successful in reaching their goals and objectives.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	4,057.7	5,109.7	5,644.7	5,609.7	9.8
Other Transfers	473.7	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>4,531.4</b>	<b>5,109.7</b>	<b>5,644.7</b>	<b>5,609.7</b>	<b>9.8</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	3,301.4	4,072.6	4,522.6	4,572.6	12.3
Contractual Services	85.4	219.7	219.7	219.7	0.0
Other	737.9	817.4	902.4	817.4	0.0
<b>TOTAL USES</b>	<b>4,124.7</b>	<b>5,109.7</b>	<b>5,644.7</b>	<b>5,609.7</b>	<b>9.8</b>
<b>FTE</b>					
Permanent	39.0	41.0	45.0	45.0	9.8
<b>TOTAL FTE</b>	<b>39.0</b>	<b>41.0</b>	<b>45.0</b>	<b>45.0</b>	<b>9.8</b>



# Health, Hospitals and Human Services

**Statutory Authority**

The Commission on the Status of Women, created by Sections 28-3-1 through 28-3-11 NMSA 1978, consists of 15 members appointed by the governor, including one member of the Human Rights Commission.

**Mission**

The Commission on the Status of Women's mission is to ensure the success, advancement, and equity of all New Mexican women. The commission will incorporate and celebrate diversity with understanding and compassion, while advocating for women-specific issues. The commission will incorporate all voices for meaningful social, cultural, and economic change in the lives of New Mexican women.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	0.0	0.0	850.0	295.0	0.0
<b>TOTAL SOURCES</b>	0.0	0.0	850.0	295.0	0.0
<b>USES</b>					
Personal Services and Employee Benefits	0.0	0.0	219.9	124.2	0.0
Contractual Services	0.0	0.0	323.5	81.5	0.0
Other	0.0	0.0	306.6	89.3	0.0
<b>TOTAL USES</b>	0.0	0.0	850.0	295.0	0.0
<b>FTE</b>					
Permanent	1.0	0.0	2.0	1.0	0.0
<b>TOTAL FTE</b>	1.0	0.0	2.0	1.0	0.0

**At A Glance**

The Commission on the Status of Women requested \$850 thousand in general fund revenue to support its FY24 operations. For many years the agency has not received recurring operating funds in section 4 of the General Appropriations Act but operated with special appropriations and through its administrative attachment to the Human Services Department. For FY23, the commission received a special appropriation that included language for continuing authorizations totaling \$285 thousand in general fund support.

The commission's 2023 through 2024 strategic plan includes reviewing the status of women in the state through a listening tour. The commission's objectives include recommending methods of overcoming discrimination against women in public and private employment, promoting methods for enabling women to develop skills and education, conducting periodic conferences throughout the state to apprise women of their rights and opportunities, and recognizing women's accomplishments and contributions to New Mexico through a summit.

The LFC FY24 recommendation includes \$295 thousand to operate the commission. The recommendation supports the executive director's salary and benefits, contracts for website support and audit costs, travel, IT support, office supplies, and some funding for a women's summit and listening tour. The commission did not submit any performance measures for FY24.

**Base Expansion**

The commission requested an expansion item to add an executive assistant position. The LFC recommendation does not include funding for this FTE but includes funding for contractual services.

**BASE EXPANSION LISTING**  
FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Executive Assistant FTE Expansion	P691	64.5	0.0
<b>TOTAL</b>			64.5	0.0

**COMMISSION ON THE STATUS OF WOMEN**

The purpose of the status of women program is to provide information, public events, leadership, support services and career development to individuals, agencies and women's organizations so they can improve the economic, health and social status of women in New Mexico.

**Statutory Authority**

Section 28-21-1 through 28- 21-4 NMSA 1978. The agency is attached administratively to the Human Services Department.

**Mission**

The agency's mission is to study and provide solutions to issues relevant to African Americans, ensure recognition of the accomplishments and contributions made by African Americans in New Mexico and the United States, and act as an advocate for African American citizens in New Mexico.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	771.4	1,041.3	1,041.3	1,041.3	0.0
Other Transfers	7.1	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>778.5</b>	<b>1,041.3</b>	<b>1,041.3</b>	<b>1,041.3</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	435.5	704.9	704.9	704.9	0.0
Contractual Services	17.6	215.0	215.0	215.0	0.0
Other	98.5	121.4	121.4	121.4	0.0
<b>TOTAL USES</b>	<b>551.6</b>	<b>1,041.3</b>	<b>1,041.3</b>	<b>1,041.3</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	11.0	7.0	7.0	7.0	0.0
Term	1.0	0.0	0.0	0.0	0.0
Temporary	3.0	1.0	1.0	1.0	0.0
<b>TOTAL FTE</b>	<b>15.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>0.0</b>

**At A Glance**

The Office of African American Affairs FY24 budget request did not change from the FY23 operating budget. The LFC recommendation supports the request.

While the office's FY23 operating budget is nearly twice as much as was expended in FY22, the agency is on track to significantly increase spending in FY23. In September 2022 the office had 10 filled FTE compared with only 4 FTE filled one-year earlier. However, three of the filled positions were interns.

The agency's FY21 annual financial audit opinion was unmodified and included one resolved and one repeat finding. The repeat finding was for a late reversion. The agency stated the issue was due to the deputy director and budget analyst positions being vacant at the time. Because the agency met several of its performance targets, LFC recommends increasing several of these targets and extending the office's reach to more people.

**OFFICE OF AFRICAN AMERICAN AFFAIRS**

The purpose of the public awareness program is to provide information and advocacy services to all New Mexicans and to empower African Americans of New Mexico to improve their quality of life.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of participants in the capacity-building programs who rate the programs as satisfactory or above	0%	NEW	0%	NEW	NEW
Output	Number of reviews summarizing and highlighting the research, programs and policies and evidence-based solutions for issues impacting African Americans in New Mexico	\$0.0	NEW	0.0	2.0	2.0
Output	Number of resources produced, including data-based tools, documents and publications related to economic, education and health disparities of African Americans	64.0	5.0	45.0	45.0	45.0
Output	Number of events, including educational conferences, town hall meetings, workshops and forums to increase awareness of resources and issues of importance pertaining to improving the quality of life for New Mexico's African American citizens	16.0	15.0	16.0	16.0	20.0
Outcome	Number of individuals who participated in agency initiatives/programs via sign-in sheets, passport cards, head count and registrations	839.0	1,500.0	1,500.0	1,500.0	2,000.0
Output	Number of educational conferences, town hall meetings, workshops and forums to increase awareness of resources and issues of importance pertaining to improving the quality of life for New Mexico African American citizens	N/A	N/A	N/A	N/A	N/A

**Statutory Authority**

Sections 28-11B-1 through 28-11B-4 and Sections 63-9F-1 through 63-9F-13 NMSA 1978 create the Commission for Deaf and Hard-of-Hearing Persons. The commission consists of seven members, a majority of whom are deaf or hard-of-hearing. Three members are ex officio and four are appointed by the governor without regard for party affiliation.

**Mission**

The commission is responsible for overseeing the New Mexico telecommunications relay network for deaf and hard-of-hearing citizens and hearing individuals affiliated with those with hearing loss. The commission operates a single program providing advocacy, outreach, referral, educational services, and oversight of the telecommunications relay network for deaf and hard-of-hearing persons.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	790.8	1,286.2	1,831.3	1,326.2	3.1
Other Transfers	0.0	1,555.4	1,200.0	1,555.4	0.0
Other Revenues	1,244.8	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>2,035.6</b>	<b>2,841.6</b>	<b>3,031.3</b>	<b>2,881.6</b>	<b>1.4</b>
<b>USES</b>					
Personal Services and Employee Benefits	919.3	1,213.7	1,403.4	1,253.7	3.3
Contractual Services	590.9	1,229.3	1,229.3	1,229.3	0.0
Other	205.0	282.1	282.1	282.1	0.0
Other Financing Uses	116.5	116.5	116.5	116.5	0.0
<b>TOTAL USES</b>	<b>1,831.7</b>	<b>2,841.6</b>	<b>3,031.3</b>	<b>2,881.6</b>	<b>1.4</b>
<b>FTE</b>					
Permanent	15.0	16.0	16.0	16.0	0.0
<b>TOTAL FTE</b>	<b>15.0</b>	<b>16.0</b>	<b>16.0</b>	<b>16.0</b>	<b>0.0</b>

**At A Glance**

The Commission for Deaf and Hard-of-Hearing Persons requested a general fund increase of \$545.1 thousand, or 42.4 percent, over the FY23 operating budget. The commission requested a 15.6 percent increase in the personal services and employee benefits category. For several years, the commission has not accrued telecommunications relay services funds at formerly projected levels and for FY24 requested \$355.4 thousand in additional general fund revenues to continue supplanting a portion of these other transfer revenues.

The FY24 LFC general fund recommendation is \$1.3 million, or 3.1 percent, above the FY23 operating budget. For FY23, the Legislature appropriated a 50 percent increase in general fund revenue for the agency to adjust for unrealized telecommunications relay services funds. However, LFC continues to recommend the commission consider pursuing statutory changes to taxation and fee schedules to apply across more lines of telecommunications services to generate additional revenue. Therefore, the LFC recommendation for others transfers from telecommunications relay services funds remains consistent with FY23 at a recommended amount of \$1.6 million.

The LFC recommendation includes a 3.3 percent increase over FY23 levels for personnel. The recommendation does not support the agency request for increased personnel funding given the agency's funded vacancy rate of almost 17 percent and the difficulty in hiring personnel given the state's current workforce participation rates.

The LFC recommendation also supports the request for the continued transfer of \$91.5 thousand from the commission to the Division of Vocational Rehabilitation (DVR) to leverage federal funds to provide services to deaf and hard-of-hearing people and a transfer of \$25 thousand to the Signed Language Interpreting Practices Board at the Regulation and Licensing Department (RLD).

The agency met one of its six FY22 performance targets, "number of communication barriers addressed."

**COMMISSION FOR DEAF AND HARD-OF-HEARING PERSONS**

The purpose of the deaf and hard-of-hearing program is to serve as a dynamic resource that will enhance the quality of life for deaf and hard-of-hearing citizens of New Mexico by being the recognized advocate on important issues impacting the deaf and hard-of-hearing community, the proactive provider of innovative programs and services and the statewide umbrella and information clearinghouse for interested individuals, organizations, agencies and institutions.

**Recommended Language**

The general fund appropriation to the deaf and hard-of-hearing program of the commission for deaf and hard-of-hearing persons in the contractual services category includes four hundred fifty-six thousand four hundred dollars (\$456,400) for deaf and deaf-blind support service provider programs.

The internal service funds/interagency transfers appropriation to the deaf and hard-of-hearing program of the commission for deaf and hard-of-hearing persons in the other financing uses category includes ninety-one thousand five hundred dollars (\$91,500) to transfer to the rehabilitation services program of the division of vocational rehabilitation to match with federal funds to provide deaf and hard-of-hearing rehabilitation services and twenty-five thousand dollars (\$25,000) to transfer to the signed language interpreting practices board of the regulation and licensing department for interpreter licensure services.

**PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Output	Number of workshops and training sessions conducted	88.0	125.0	135.0	135.0	135.0
Output	Number of outreach events coordinated	38.0	56.0	122.0	122.0	122.0
Output	Average number of relay minutes per month	8,814.0	6,246.0	10,000.0	10,000.0	10,000.0
* Output	Number of accessible technology equipment distributions	1,089.0	994.0	1,070.0	1,070.0	1,070.0
Output	Number of sign language interpreters who participated in New Mexico commission for deaf and hard-of-hearing persons-sponsored professional development, including in-house mentoring programs and events provided in collaboration with other organizations	201.0	131.0	200.0	200.0	200.0
Output	Number of communication barriers addressed	25,098.0	24,247.0	21,000.0	20,000.0	24,000.0

**Statutory Authority**

The Martin Luther King Jr. Commission is authorized under Section 28-19-1 through 28-19-4 NMSA 1978. The commission consists of 13 board members, with four members appointed by the governor, four appointed by the Senate and House majority and minority leadership, and five designees from the office of the State Treasurer, Secretary of State, Indian Affairs Department, Human Rights Division, and Public Regulation Commission.

The commission plans and coordinates statewide events to commemorate the Martin Luther King Jr. holiday and promote King's nonviolent principles and philosophy. The commission also hosts an annual youth conference to teach King's philosophy, supports education programs for elementary school students and at-risk youth, and coordinates activities with statewide violence prevention projects.

**Mission**

The mission of the Martin Luther King, Jr. Commission is to promote Martin Luther King Jr.'s principles and philosophy to the people of New Mexico to improve interracial cooperation and reduce youth conflicts in communities.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	325.8	339.7	562.0	356.7	5.0
Other Transfers	3.6	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>329.4</b>	<b>339.7</b>	<b>562.0</b>	<b>356.7</b>	<b>5.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	174.3	195.0	374.6	212.0	8.7
Contractual Services	23.3	27.8	38.8	27.8	0.0
Other	107.5	116.9	148.6	116.9	0.0
<b>TOTAL USES</b>	<b>305.1</b>	<b>339.7</b>	<b>562.0</b>	<b>356.7</b>	<b>5.0</b>
<b>FTE</b>					
Permanent	2.0	2.0	3.0	2.0	0.0
<b>TOTAL FTE</b>	<b>2.0</b>	<b>2.0</b>	<b>3.0</b>	<b>2.0</b>	<b>0.0</b>

**At A Glance**

The commission's total request of \$562 thousand in general fund revenue would increase spending 65.6 percent over the FY23 operating budget, including increasing personnel costs 92 percent, contractual 40 percent, and other costs 27 percent. For personnel costs, the commission's stated goal is to appropriately place both current employees and add one expansion employee. The commission would also like to offer programming to more youth, including publishing a new magazine written by youth served by the commission.

The commission's director earns \$36.97 hourly while the median director salary of other small agencies is \$53.97 hourly. However, all of the other small agencies in the salary comparison group, with the exception of the Public Employees Labor Relations Board, have more employees and more supervisory responsibilities, with most other executive directors responsible for statewide licensing, such as the Board of Nursing. To bring the director and the associate director to a compa-ratio of one would cost about \$30.6 thousand annually.

Given that both of the commission's employees have less responsibility than employees in similar positions in other agencies, the LFC recommendation is sufficient to bring both employees to 90 percent of compa-ratio. Additionally, since the commission reverted \$24.4 thousand, or about 7.4 percent of FY22 appropriations, LFC recommends maintaining spending in the contractual services and other costs categories at FY23 operating budget levels. LFC does not recommend expanding the number of FTE.

The commission's FY21 financial audit was much improved with all but one of five prior year findings resolved. Some of the resolved findings dated back to 2014. The one repeated finding was for insufficient supporting documentation of financial transactions.



**BASE EXPANSION LISTING  
FY 2023-2024**

<b>Agency Rank</b>	<b>Expansion Request Name</b>	<b>Program</b>	<b>Agency Request</b>	<b>LFC Recommendation</b>
0	New FTE for MLKJRC	P694	64.5	0.0
<b>TOTAL</b>			<b>64.5</b>	<b>0.0</b>

**MARTIN LUTHER KING, JR. COMMISSION**

The purpose of the Martin Luther King, Jr. commission is to promote Martin Luther King, Jr.'s nonviolent principles and philosophy to the people of New Mexico through remembrance, celebration and action so that everyone gets involved in making a difference toward the improvement of interracial cooperation and reduction of youth violence in our communities.

**PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Output	Number of statewide holiday commemorative programs supported	6.0	6.0	10.0	10.0	10.0
Output	Number of youth anti-violence workshops conducted	1.0	4.0	10.0	20.0	20.0
Outcome	Number of student ambassadors who worked with state agencies to explore the historical, social, political and cultural themes associated with the life and works of Dr. King	45.0	55.0	55.0	55.0	55.0
Outcome	Number of commission visits to schools, tribes, non-profit providers and communities to teach Dr. King's principles of nonviolence	0.0	5.0	10.0	10.0	10.0
Output	Number of youth attending statewide youth conferences using Dr. King's principles of nonviolence	0.0	85.0	250.0	250.0	250.0

**Statutory Authority**

The Commission for the Blind, created by Sections 28-7-15 through 28-7-23 NMSA 1978, consists of three members appointed by the governor for staggered three-year terms. The agency provides a variety of services enabling the blind and visually impaired to become fully participating members of society.

**Mission**

The Commission for the Blind's mission is to enable people who are blind to achieve vocational, economic, and social equality. This is to be accomplished by providing career preparation, training in the skills of blindness, and, above all, promoting the belief that blindness is not a barrier to successful employment or to living an independent and meaningful life.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	2,289.4	2,435.9	2,435.9	2,435.9	0.0
Other Transfers	261.0	261.0	261.0	261.0	0.0
Federal Revenues	4,833.1	5,907.6	5,958.2	5,958.2	0.9
Other Revenues	7,322.6	8,053.2	8,002.6	8,002.6	(0.6)
Fund Balance	0.0	150.0	150.0	150.0	0.0
<b>TOTAL SOURCES</b>	<b>14,706.1</b>	<b>16,807.7</b>	<b>16,807.7</b>	<b>16,807.7</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	4,404.4	6,231.9	6,254.7	6,254.7	0.4
Contractual Services	128.1	159.3	136.5	136.5	(14.3)
Other	9,639.0	10,309.4	10,309.4	10,309.4	0.0
Other Financing Uses	106.8	107.1	107.1	107.1	0.0
<b>TOTAL USES</b>	<b>14,278.3</b>	<b>16,807.7</b>	<b>16,807.7</b>	<b>16,807.7</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	89.0	90.5	90.0	90.0	(0.6)
<b>TOTAL FTE</b>	<b>89.0</b>	<b>90.5</b>	<b>90.0</b>	<b>90.0</b>	<b>(0.6)</b>

**At A Glance**

The Commission for the Blind requested \$2.4 million in general fund revenue, flat with the FY23 operating budget. The agency requested most of its federal and other revenues and expenditure levels near FY23 operating levels. The agency's other revenues are generated from contracts to provide food services at the federal Law Enforcement Training Center (FLETC) in Artesia and at Kirtland Air Force Base in Albuquerque. The other revenues are requested for payment to the federal Law Enforcement Training Center (FLETC) vendors in the other costs category. The commission's request supported minimum wage requirements and workload funding for concession operators at the FLETC. The commission requested to continue the transfer of \$107 thousand to the Division of Vocational Rehabilitation to serve as a match for \$200 thousand in federal revenue that would be transferred back to the commission.

LFC recommends the requested level of general fund revenue for FY24 of \$2.4 million. The committee also supports the agency's FY24 request for personnel in an effort to fill vacant positions in programs to continue providing services to the blind and visually impaired citizens of New Mexico. The commission has a 17.5 percent funded vacancy rate. Further supporting the request, the recommendation includes \$150 thousand in fund balance to support care and support for blind and visually impaired individuals. The recommendation includes the requested funding in the other costs category to provide services for individuals and for concession operators at the FLETC. The recommendation also includes the agency's request to transfer \$107 thousand to the Division of Vocational Rehabilitation to leverage federal funds.

The commission met performance measure targets for average hourly wages, people who avoided or delayed moving into a nursing home as a result of receiving independent living services, and quality employment opportunities obtained for the agency's blind or visually impaired clients.

**COMMISSION FOR THE BLIND**

The purpose of the blind services program is to assist blind or visually impaired citizens of New Mexico to achieve economic and social equality so they can have independence based on their personal interests and abilities.

**Recommended Language**

The general fund appropriation to the blind services program of the commission for the blind in the other financing uses category includes one hundred seven thousand one hundred dollars (\$107,100) to transfer to the rehabilitation services program of the division of vocational rehabilitation to match with federal funds to provide rehabilitation services for the disabled.

The internal service funds/interagency transfers appropriation to the blind services program of the commission for the blind includes two hundred thousand dollars (\$200,000) from the division of vocational rehabilitation to provide services to the blind or visually impaired citizens of New Mexico.

Any unexpended balances in the commission for the blind remaining at the end of fiscal year 2024 from appropriations made from the general fund shall not revert.

**PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Output	Number of quality employment opportunities obtained for agency's blind or visually impaired clients	21.0	19.0	19.0	20.0	20.0
Output	Number of blind or visually impaired clients trained in the skills of blindness to enable them to live independently in their homes and communities	407.0	403.0	525.0	500.0	500.0
* Outcome	Average hourly wage for the blind or visually impaired person	\$28.23	\$23.19	\$16.50	\$17.50	\$20.00
* Outcome	Number of people who avoided or delayed moving into a nursing home or assisted living facility as a result of receiving independent living services	103.0	76.0	125.0	100.0	100.0

**Statutory Authority**

Section 9-21-1 through 9-21-24 NMSA 1978 created the Indian Affairs Department and the advisory Indian Affairs Commission. The commission consists of 10 members appointed by the governor.

**Mission**

The mission of the Indian Affairs Department (IAD) is to lead and improve the quality of life for all New Mexico Native American citizens by affecting policy that strengthens tribal-state relations and supports tribes with access to resources, technical assistance, and funding opportunities.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	2,490.2	4,262.5	4,462.5	4,362.5	2.3
Other Transfers	341.4	249.3	249.3	249.3	0.0
<b>TOTAL SOURCES</b>	<b>2,831.6</b>	<b>4,511.8</b>	<b>4,711.8</b>	<b>4,611.8</b>	<b>2.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,356.7	2,384.7	2,584.7	2,484.7	4.2
Contractual Services	278.5	630.1	630.1	630.1	0.0
Other	502.6	1,497.0	1,497.0	1,497.0	0.0
<b>TOTAL USES</b>	<b>2,137.8</b>	<b>4,511.8</b>	<b>4,711.8</b>	<b>4,611.8</b>	<b>2.2</b>
<b>FTE</b>					
Permanent	19.0	23.0	23.0	22.0	(4.3)
<b>TOTAL FTE</b>	<b>19.0</b>	<b>23.0</b>	<b>23.0</b>	<b>22.0</b>	<b>(4.3)</b>

**At A Glance**

The department's FY24 budget request is a \$200 thousand, or 4.6 percent, increase from the general fund for increased personnel spending and salary adjustments.

Between FY22 and FY23, the department received a 68 percent operating budget increase but reverted \$567.4 thousand to the general fund from its FY22 budget. Additionally, the department's vacancy rate increased to 33 percent in September 2022 from 16 percent in September 2021. If the department were to fill all vacant positions and award 10 percent across-the-board, out-of-cycle salary adjustments, the department would not spend all available allocations for FY23 personnel costs. LFC recommends increasing the budget \$100 thousand for personnel costs. The FY24 recommendation is \$1.8 million, or 62 percent above FY22 expenditures.

**Budget Issues**

The FY23 operating budget increase included \$270 thousand in appropriations from Laws 2022, 3rd special session Chapter 3 (the junior appropriation bill), that the committee considered nonrecurring, but the Department of Finance and Administration treats as recurring.

One of the department's primary responsibilities is to oversee capital outlay project appropriations from the general fund and from severance tax bond proceeds to Native American tribes and pueblos and to administer some of these funds through the Tribal Infrastructure Act. As of August 2022, the department was overseeing 454 active projects, dating back to 2019, worth a total value of about \$174.7 million, of which \$158.3 million was unspent. Most of the funding for these projects, or about \$113.8 million, does not revert until the end of June 2024 or later. At the end of FY23, approximately 124 projects worth \$62.6 million will expire. As of August 2022, these projects carry balances of \$44.5 million.

Over the course of FY22, the department distributed funding for 206 projects. Some of the larger project expenditures in FY22 included \$1.5 million for Cochiti Pueblo water infrastructure improvements, \$744 thousand for Jemez Pueblo Head Start center construction, and \$630.6 thousand for Mesalero Apache public safety building construction.

Additionally, between 2018 and August 2022 the department granted \$107.5 million in tribal infrastructure fund grants for 67 projects. Balances dating back to 2018 were \$83.9 million. Traditionally expenditures on these projects start slow but most project grant amounts get expended.

The department also coordinates operations across state executive branch agencies and the state's 23 pueblos and tribes in an attempt to improve the outcomes of Native American populations while recognizing tribal sovereignty. This includes hosting the annual state-tribal leadership summit, maintaining state agency plans and policies related to the State-Tribal Collaboration Act, ensuring all state agencies consult and collaborate with tribes, and making sure agency tribal liaisons are trained and culturally competent.

Over the last few quarters, the department worked considerably on its organizational structure, adding five new positions and reclassifying three existing positions. Even with this work, the department has not managed to increase its head count, maintaining 14 FTE between September 2021 and September 2022 with substantial turnover. The department also reverted \$567.4 thousand, or about 21 percent, of its FY22 general fund appropriation.

For the second year in a row, the department's FY21 audit report included no findings.

### **INDIAN AFFAIRS DEPARTMENT**

The purpose of the Indian affairs program is to coordinate intergovernmental and interagency programs concerning tribal governments and the state.

#### **PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Explanatory	Number of infrastructure capital improvement plans top five capital outlay projects funded by the Legislature	0.0	NEW	N/A	N/A	N/A
Explanatory	Number of capital outlay, tribal infrastructure fund, grant trainings and/or technical assistance sessions conducted	5.0	15.0	N/A	N/A	N/A
Outcome	Percent of capital projects closed on schedule	100%	70%	100%	100%	100%
Outcome	Percent of tribal infrastructure fund projects closed on schedule	100%	86%	100%	100%	100%
Explanatory	Number of outreach meetings held in tribal communities	5.0	17.0	N/A	N/A	N/A
Explanatory	Number of tribal consultation meetings conducted or facilitated by the Indian affairs department	2.0	10.0	N/A	N/A	N/A
Output	Number of Indian affairs department grant awards successfully awarded to tribal governments and/or tribal serving organizations	23.0	5.0	15.0	5.0	15.0
Explanatory	Number of state employees attending cultural competency trainings provided by the Indian affairs department and the state personnel office throughout the fiscal year	230.0	415.0	N/A	N/A	N/A

**Statutory Authority**

The Early Childhood Education and Care Department established in Sections 9-29-1 to 9-29-12 NMSA 1978 is a cabinet department consisting of (1) Administrative Services (2) Office of the Secretary (3) Childcare Licensing and Services (4) Early Childhood Education and (5) Early Intervention Services, which consists of the (a) Home Visitation Bureau and (b) Family, Infant, Toddler program.

**Mission**

The department's mission is to develop priorities for programs and the use of department resources based on state policy, national best-practice standards, evidence-based interventions and practices, and local considerations and priorities and coordinate and aligning an early childhood education and care system.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	191,588.2	195,612.4	202,919.4	335,612.4	71.6
Other Transfers	75,751.8	84,627.5	100,627.5	131,728.7	55.7
Federal Revenues	331,022.7	203,803.1	146,890.6	146,890.6	(27.9)
Other Revenues	4,437.1	3,258.5	3,258.5	3,258.5	0.0
Fund Balance	3,684.8	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>606,484.6</b>	<b>487,301.5</b>	<b>453,696.0</b>	<b>617,490.2</b>	<b>26.7</b>
<b>USES</b>					
Personal Services and Employee Benefits	19,010.8	22,672.6	26,759.8	25,873.2	14.1
Contractual Services	108,746.7	98,718.2	112,109.2	185,412.6	87.8
Other	409,285.2	307,029.4	255,545.7	294,726.6	(4.0)
Other Financing Uses	55,781.0	58,881.3	59,281.3	111,477.8	89.3
<b>TOTAL USES</b>	<b>592,823.7</b>	<b>487,301.5</b>	<b>453,696.0</b>	<b>617,490.2</b>	<b>26.7</b>
<b>FTE</b>					
Permanent	186.0	183.5	202.5	202.0	10.1
Term	93.0	103.0	126.0	126.0	22.3
<b>TOTAL FTE</b>	<b>279.0</b>	<b>286.5</b>	<b>328.5</b>	<b>328.0</b>	<b>14.5</b>

**At A Glance**

The Early Childhood Education and Care Department (ECECD) FY24 general fund request was \$7.3 million, 3.7 percent above the FY23 operating budget. A majority of the general fund request was for administrative oversight costs and FTE.

In FY23, ECECD was appropriated \$30 million in revenue from the early care and education trust fund. In FY24, the department requested \$16 million additional trust fund revenue, for a total of \$46 million. The request for additional revenue included \$9.8 million for Home Visiting parental support, and a campaign to market services to new families, \$750 thousand for tribal early childhood programs, \$1 million for infant mental health, \$3 million for early childhood coalitions, and \$1.9 million for department administration. In total, the agency requested \$453.7 million.

The LFC recommendation increases general fund appropriations by \$140 million, or nearly 72 percent, including \$109.4 million for prekindergarten to expand services, \$8 million for Home Visiting, and \$22.6 million to replace federal Temporary Assistance of Needy Families (TANF) funding. The committee recommendation continues federal TANF grant transfer for Childcare Assistance. The LFC recommendation from the early care and education trust fund includes \$12 million for children's physical and behavioral health support through Medicaid, \$3 million for school-based health centers, and \$1 million for a child abuse and neglect prevention Safe Care unit at the Children, Youth and Families Department (CYFD). Additionally, the recommendation increases the distribution from the fund to \$100 million in FY24, to support the department's funding request and increase childcare assistance funding by \$42 million. In total, the LFC recommendation is \$617.5 million, or 26.7 percent.

**Budget Issues**

New Mexico continues to show leadership in early childhood care and education funding. Since FY12, early childhood program appropriations have more than doubled (see Volume III, Early Childhood System Funding). While the current system defines services and goals programmatically, delivery and standards vary significantly. Delivering services through both public and private entities allows for an agile system so rural and metropolitan areas can grow services based on infrastructure availability and parental preference.

ECECD administers parts of the state's early childhood care and education system. Primary programs include prekindergarten, home visiting services for new families, the Family, Infant, Toddler (FIT) program, and childcare assistance. However, some programs still considered part of the early care and education system remain in other state agencies or are directly funded, such as K5-Plus, the Women, Infants and Children (WIC) program, children's behavioral and physical health through Medicaid, and Head Start. These programs are funded by both the state and federal governments and delivered by both public and private entities.

**Pandemic Effects on Learning Outcomes.** A 2021 LFC report found, on average, at-risk New Mexico students were already over half a year (6,000 hours, or 100 days, or 20 weeks, or four months) behind in learning before losing the equivalent of another 10 to 60 days of instruction due to the Covid 19 pandemic. These additional lost days are potentially widening the existing achievement gap and setting New Mexico's children even further behind academic norms. Additionally, a recent national testing report found the performance of 9-year-olds in math and reading dropped to the levels from two decades ago. These declines impacted almost all children regardless of races and income levels, but the sharpest declines were seen in low-income minority children. To improve learning outcomes, policymakers should also make investments in early childhood programs that improve educational outcomes.

**Early Learning.** New Mexico prekindergarten is an early education program for 3- and 4-year-olds implemented by private providers and public schools. Originally a half-day program, most prekindergarten program cover six hours a day of care for nine months of the year. In FY23, the state contracted for 13,329 children to receive prekindergarten services, including extended-day services. Prior to FY21, New Mexico prekindergarten was administered by the Children, Youth and Families Department (CYFD), which contracted with private providers, and the Public Education Department (PED), which oversaw programs in public schools. ECECD began administration of the program in FY21; however, prekindergarten services offered by school districts flow through the new department to the Public Education Department after awards are decided. New Mexico continues to compare favorably with other states for funding prekindergarten. According to the National Institute of Early Education Research (NIEER), 29 percent of 4-year-olds in the United States were enrolled in prekindergarten programs in 2021, and the average state spending was \$5,867 per child enrolled. New Mexico reported having higher enrollment at 34 percent and New Mexico ranked 13th for 4-year-olds enrolled in prekindergarten programs in 2021 and 10th for state spending at \$7,681 per child. The department request did not include an expansion of prekindergarten services.

**Prekindergarten Outcomes.** LFC has consistently found prekindergarten programs improve math and reading proficiency for low-income 4-year-olds and lower special education rates, lower retention rates, and lessen the negative effects of mobility. LFC has also found prekindergarten programs deliver a positive return on investment for New Mexico taxpayers based on improvement in test scores through the 12th grade. Low-income students who participated in prekindergarten performed significantly better on the third-grade PARCC standards-based assessment than peers who did not participate; however, this pattern was not consistent for non-low-income students. Additionally, the department has agreed to expanded annual performance reporting for prekindergarten in FY24, such as kindergarten math and literacy proficiency.

The LFC recommendation includes an additional \$109.4 million in general fund revenue to expand prekindergarten for 3-year-olds and 4-year-olds, increase the number of hours in a day from six hours to eight hours for wrap-around care, and add 25 days for prekindergarten services. National reports show significant declines in reading and math proficiency due to the pandemic; the LFC recommendation prioritizes prekindergarten to improve young children's educational outcomes while providing more comprehensive care hours to allow families to participate economically. Additionally, the LFC recommendation provides for an 11 percent rate increase for 4-year-old prekindergarten providers and replaces \$17.5 million in TANF funding. By replacing TANF transfers for prekindergarten, the funding is available to provide other family supports, such as child abuse prevention services.

**Head Start.** Head Start programs, completely federally funded and not administered by the state, serve children from birth to age 5 and provide early education, health, and parental support services. A 2019 LFC evaluation of Childcare Assistance noted a lack of coordination, among Head Start programs and childcare hurt access to programming in some counties. This lack of coordination continues, with the number of Head Start slots decreasing as the number of other early childhood program slots increase, signaling prekindergarten may be crowding out Head Start programs. In effect, state funds are supplanting federally funded programs and the state needs to help providers of federally funded Head Start coordinate effectively with state-funded prekindergarten and childcare. The number of Early Head Start slots continues to increase as Head Start slots decrease, and Early Head Start enrollment is its highest in eight years.

A recent LFC evaluation noted teacher qualification is a component of federal high-quality standards for Head Start programs. Although New Mexico made improvements in FY18 and FY19, New Mexico continues to lag the nation on Head Start teacher qualifications. Nationally, 75 percent of teachers have a bachelor's degree or higher, but in 2021, New Mexico had 37.5 percent of its Head Start teachers meeting this requirement. In 2022, New



Mexico Head Start was funded for 2,362 Early Head Start slots and 6,431 of Head Start slots. Of the children, 4,050 were from families with incomes at or below 100 percent of the federal poverty line (FPL).

**Childcare Outcomes.** Previous LFC evaluations have not found childcare assistance to improve educational outcomes for children, unlike the prekindergarten program. Created as an economic support program for families in 1990 when Congress enacted the Child Care and Development Block Grant, the program successfully assists families in participating economically while reducing the cost burden for childcare. Despite continued investment by the state in funding for childcare assistance to improve quality, LFC evaluations have continued to find childcare assistance outcomes are primarily based in family economic improvement. As policymakers invest in expanding the early childhood system, consideration of program outcomes are essential. Each program in the early childhood system has successful outcome focuses, such as early neglect prevention from Home Visiting, educational outcomes from prekindergarten, and family income support from Childcare Assistance. Prioritizing investments in the outcomes policymakers want to improve should change the investment strategy in these programs.

**Federal Pandemic Response Funding for Childcare Assistance.** Childcare Assistance benefited greatly from unprecedented federal revenue increases included in the federal Coronavirus Aid, Relief, and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and American Rescue Plan Act (ARPA). Between these three federal acts, Childcare Assistance in New Mexico received \$432.2 million, which must be spent by 2024. A large portion, \$197.1 million, was federally earmarked for provider stabilization grants sent to providers statewide, of which \$161 million was spent in FY22 and \$35 million is included in the FY23 operating budget. In addition to stabilization grants, the department also budgeted \$49 million of CRRSA and nearly \$62 million in ARPA in FY23 for the Childcare Assistance Program. These large onetime federal increases will result in significant federal revenue decreases between FY23 and FY24.

**Childcare Increased Income Eligibility.** Historically childcare assistance provided an opportunity for low-income families to work or go to school by paying a voucher to childcare providers. However, because the department has expanded income eligibility to nearly double New Mexico's median household income, the program now supports higher income families as well. The program subsidizes the cost of childcare for families with incomes up to 400 percent of the federal poverty level (FPL), increased from 250 percent in previous fiscal years. This means a family of four with an income of \$111 thousand is now eligible for childcare assistance. In FY23, New Mexico was funded to serve over 23 thousand children up to age 14. For FY24, the Childcare Assistance request was estimated to serve 25 thousand children monthly.

**Childcare Enrollment.** Prior to the pandemic, despite increased eligibility criteria, average monthly enrollment in the program was relatively flat, ranging between 18 thousand and 20 thousand children a month. As a result of the Covid-19 pandemic, Childcare Assistance enrollment declined to 13,151 children in February 2021, its lowest point since 1999. However, at the close of FY23, monthly enrollment increased to nearly 22 thousand and continued to increase in FY23. However, of those children enrolled, only 8,000 are the lowest income children as defined by TANF. Additionally, a significant proportion of the children served by this program are school-age. Since FY15, the percent of school-age children enrolled in Childcare Assistance has ranged between 49 percent and 41 percent, while children less than 2 years old has ranged between 20 percent and 14 percent. As other care funding options for children increases, such as that for prekindergarten and public education after-school care and extended learning, there should be less pressure on Childcare Assistance funding for older children and the funding should be prioritized for the care of the youngest children. The LFC recommendation includes language to prioritize increased funding to expand infant and toddler care in Childcare Assistance.

**Childcare Provider Rates.** In addition to increasing enrollment, the average cost per child also continues to grow. Prior to the pandemic, New Mexico has spent close to \$11 million monthly to serve 20 thousand children in FY19, FY20, and FY21. However, at the close of FY22, Childcare Assistance monthly spending was over \$14 million to serve an average of 18 thousand children. Prior to the pandemic, rates for the highest levels of quality care primarily contributed to increased spending because a growing number of providers earned five star ratings and qualified for the highest reimbursements rates. Childcare providers can qualify as a five-star provider by either meeting quality standards in the state's tiered rating quality improvement system, Focus, or through an approved national accrediting body. In July 2021, ECECD increased rates for childcare providers based on a cost estimation model. Previously, New Mexico used a market rate study to set rates. The cost estimation model sets rates based on cost reported by childcare providers depending on the type of care, age of the child, and state licensing and quality requirements. However, LFC has been unable to independently validate the model. Provider rates have grown 118 percent, from an average monthly rate of \$326 in 2013 to \$734 at the close of FY22. As of October 2022, the average cost per child continued to grow to \$752 per month, or \$9,024 annually. In addition to increased provider rates, waiver of parent copayments and increased differentials to providers also increased the average monthly cost per child. In fall 2022, the department also announced a \$3 per hour wage supplement to all employees of childcare providers, estimated to cost \$77 million annually.

**Childcare Assistance Funding.** A majority of these significant childcare assistance policy changes were funded through nonrecurring federal pandemic response dollars and had not been contemplated in the Legislature's development of the FY23 appropriation. To continue funding these policy changes, the department requested a special appropriation of \$125 million in nonrecurring general fund revenue for FY24 and has suggested recurring revenue to continue these policies in future years could come from increased distributions of the early childhood trust fund or land grant permanent fund. However, given the significant corpus of the early childhood trust fund estimated at \$5.4 billion in 2024 and growing to \$9.9 billion by 2027, the LFC recommends increasing the distribution for FY24 to provide recurring funding. Given the large LFC recommendation to expand



prekindergarten and other care options for older children, such as after-school and extended learning, the LFC recommends \$42 million in recurring revenues for Childcare Assistance contingent on legislation increasing the FY24 distribution from the early childhood trust fund.

**Early Support and Intervention.** The Support and Intervention Program administers New Mexico Home Visiting and the Family, Infant, Toddler Program (FIT). FIT is focused on providing early intervention services for children from birth to age 3 diagnosed with developmental delays, disabilities, and serious medical conditions. The number of children served in the FIT Program has increased by over 3,000 children since FY14, or about 24 percent. The LFC recommendation supports the department request for a FIT autism screening tool and additional oversight FTE, and \$8 million general fund revenue to expand Home Visiting services.

*Home Visiting.* Home-visiting programs available to pregnant women and families with new babies and young children assist in addressing maternal and child health issues, support positive parenting practices, and provide access to support services. Home-visiting services are an intensive parenting education program shown to effectively reduce child abuse and improve child health. In many instances, home visits provide the first opportunity to address risk factors that may limit a child's development.

Previous reports on home visits by providers contracted by CYFD show a higher percentage of children in the program receive well-child visits compared with children on Medicaid who do not participate in this program. Evidence-based home-visiting programs in New Mexico continue to show a positive return on investment and positive child outcomes. A little over 21 thousand children are born in New Mexico each year, and the program serves families with children up to 3 years old. ECECD contracted to serve 5,016 families in FY23, a fraction of New Mexico families with small children.

*Medicaid-Matched Home Visiting.* Maximizing Medicaid revenues would allow the state to provide home-visiting services to many more families with existing appropriations. However, efforts to maximize federal Medicaid revenues, and therefore expand services, have stalled. Between FY12 and FY23, the Legislature increased general fund appropriations for Home Visiting from \$2.3 million to \$15.1 million; but partly because only certain home-visiting approaches are eligible for federal Medicaid funding, most of the state Home Visiting funding is not being matched with the federal dollars. Expanding the use of Medicaid-eligible home-visiting models and providers, in addition to growing family interest and improving the state's referral systems, is key to growing Medicaid-matched home-visiting services. Additionally, the state could utilize existing Medicaid incentive programs, which include financial incentives to families for participating in well-child visits and certain other activities, to attract and expand home-visiting enrollment.

According to the Human Services Department (HSD), Medicaid funds between 72 percent and 80 percent of babies born in New Mexico. This represents a large population of families who are likely eligible for home-visiting services. Expansion of Medicaid-funded Home Visiting could allow the state to match the \$15 million in state general fund revenues currently appropriated for Home Visiting with federal revenues. The pilot for Medicaid Home Visiting began in FY20, but it remains a relatively small portion of the state's home-visiting system, serving an estimated 933 families in FY23 according to ECECD, or less than one-fifth of all Home Visiting capacity. Medicaid managed care spending for Home Visiting was \$561 thousand in FY20 and declined to \$367 thousand in FY21. Half way through the FY22 billing year, HSD has only spent \$298 thousand on Home Visiting. However, in FY23, HSD has built \$4 million into the Medicaid payments to managed care providers for home visits, well above the three previous fiscal years.

In 2020, the federal Centers for Medicare and Medicaid Services authorized the state to expand Medicaid-matched Home Visiting statewide. However, many New Mexico Home Visiting providers currently use models not approved by the federal government for Medicaid coverage. First Born, the state's homegrown home-visiting model, is among those currently ineligible for Medicaid funding despite research that shows the model has a positive impact.

In 2022, HSD will submit an application to the federal Centers for Medicare and Medicaid Services asking for an updated waiver to Medicaid regulations that will allow New Mexico to add three additional models for Medicaid eligibility: Healthy Families America, Family Connects, and Child First. With additional eligible models, the state could grow Medicaid-funded Home Visiting more quickly.

**Program Support and Policy Research and Quality Programs.** Program Support consists of the office of the secretary and administrative services. As requested, the LFC recommendation includes over \$1 million, or 13 percent, increase to expand administrative oversight FTE for financial management, human resources, information technology, and similar functions. The Policy, Research and Quality Initiatives Program supports policy and data work for Program Support and other programs at ECECD. The program requested and the LFC recommendation supports \$1.2 million for additional FTE and development and maintenance of and early childhood workforce IT system.

**Early Childhood Funding.** In addition to significant historical revenue increases to expand the early childhood system, voter approval of a constitutional amendment created early education programs as an additional beneficiary of the public schools' land grant permanent fund. This change is estimated to provide \$140 million of revenues in FY24. The LFC recommendation includes this revenue in the general fund recommendation to primarily expand prekindergarten and Home Visiting, which are shown to improve early learning outcomes. Additionally, the LFC recommendation includes an additional \$54 million from the early childhood trust fund, contingent on legislation increasing the FY24 distribution. The increased distribution is to fund \$12 million of department-requested administrative support, infant mental health, marketing, and tribal services and \$42 million for the Childcare

Assistance program. The LFC base recommendation for early childhood trust fund increases includes \$12 million for children's physical and behavioral health, \$3 million for school-based health centers, and \$1 million for a child maltreatment prevention safe care program.

### Base Expansion

The LFC recommendation provides funding for expansions in the base as the requests are not expansions.

#### BASE EXPANSION LISTING FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Program Support FTE Expansion	P621	99.2	0.0
10	Program Support FTE Expansion	P621	81.7	0.0
11	Program Support FTE Expansion	P621	60.2	0.0
12	FSEI FTE Expansion	P622	81.7	0.0
13	Program Support FTE Trust Fund Expansion	P621	88.7	0.0
14	FSEI FTE Trust Fund Expansion	P622	60.2	0.0
15	FSEI FTE Trust Fund Expansion	P622	214.0	0.0
16	FSEI FTE Trust Fund Expansion	P622	87.9	0.0
17	FSEI FTE Trust Fund Expansion	P622	336.8	0.0
18	PRQI FTE	P624	81.7	0.0
19	Program Support FTE Trust Fund Expansion	P621	81.7	0.0
2	Program Support FTE Expansion	P621	109.5	0.0
20	Program Support FTE Trust Fund Expansion	P621	157.6	0.0
3	Program Support FTE Expansion	P621	69.3	0.0
4	ECECN FTE Expansion	P623	99.2	0.0
5	ECECN FTE Expansion	P623	81.7	0.0
6	Program Support FTE Expansion	P621	88.7	0.0
7	Program Support FTE Expansion	P621	81.7	0.0
8	FSEI FTE Expansion	P622	99.2	0.0
9	FSEI FTE Expansion	P622	64.5	0.0
<b>TOTAL</b>			<b>2,125.2</b>	<b>0.0</b>

### PROGRAM SUPPORT

#### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	17,417.2	8,151.2	9,204.3	9,197.6	12.8
Other Transfers	4,898.1	2,295.9	8,582.8	21,682.9	844.4
Federal Revenues	27,403.3	4,551.2	4,551.2	4,551.2	0.0
Other Revenues	533.3	202.5	202.5	202.5	0.0
<b>TOTAL SOURCES</b>	<b>50,251.9</b>	<b>15,200.8</b>	<b>22,540.8</b>	<b>35,634.2</b>	<b>134.4</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	7,166.9	6,946.8	8,336.8	8,330.2	19.9
Contractual Services	21,502.7	5,984.5	6,984.5	6,984.5	16.7
Other	20,667.2	2,269.5	6,819.5	3,819.5	68.3
Other Financing Uses	0.0	0.0	400.0	16,500.0	0.0
<b>TOTAL USES</b>	<b>49,336.8</b>	<b>15,200.8</b>	<b>22,540.8</b>	<b>35,634.2</b>	<b>134.4</b>
<b>FTE</b>					
Permanent	74.0	51.0	63.0	63.0	23.5
Term	17.0	8.0	11.0	11.0	37.5
<b>TOTAL FTE</b>	<b>91.0</b>	<b>59.0</b>	<b>74.0</b>	<b>74.0</b>	<b>25.4</b>

**Recommended Language**

The internal service funds/interagency transfers appropriations to program support of the early childhood education and care department includes one million nine hundred eight-six thousand three hundred dollars (\$1,986,300) from the early childhood care and education fund including seven hundred fifty thousand dollars (\$750,000) for tribal early childhood services, eight hundred thousand dollars (\$800,000) for information technology maintenance, one hundred thousand dollars (\$100,000) for the family success laboratory, and three hundred thirty-six thousand three hundred dollars (\$336,300) for personnel contingent on legislation increasing the distribution of the fund in fiscal year 2024.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of Comprehensive Addiction and Recovery Act families connected to agency services and supports	0.0%	NEW	0.0%	55.0%	55.0%

**FAMILY SUPPORT & EARLY INTERVENTION**

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	46,035.6	46,103.5	46,549.8	59,549.7	29.2
Other Transfers	10,239.4	12,600.0	21,313.1	7,614.2	(39.6)
Federal Revenues	7,463.1	8,190.8	8,260.5	8,260.5	0.9
Other Revenues	2,982.5	1,956.0	1,956.0	1,956.0	0.0
<b>TOTAL SOURCES</b>	<b>66,720.6</b>	<b>68,850.3</b>	<b>78,079.4</b>	<b>77,380.4</b>	<b>12.4</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	3,436.9	3,672.2	4,701.3	4,002.3	9.0
Contractual Services	28,027.2	29,242.6	37,442.6	37,442.6	28.0
Other	22,969.1	25,033.9	25,033.9	25,033.9	0.0
Other Financing Uses	5,558.6	10,901.6	10,901.6	10,901.6	0.0
<b>TOTAL USES</b>	<b>59,991.8</b>	<b>68,850.3</b>	<b>78,079.4</b>	<b>77,380.4</b>	<b>12.4</b>
<b>FTE</b>					
Permanent	20.0	11.0	14.0	14.0	27.3
Term	24.0	30.0	45.0	45.0	50.0
<b>TOTAL FTE</b>	<b>44.0</b>	<b>41.0</b>	<b>59.0</b>	<b>59.0</b>	<b>43.9</b>

**Recommended Language**

The internal service funds/interagency transfers appropriations of the support and intervention program of the early childhood education and care department includes two million seven hundred thirteen thousand seven hundred dollars (\$2,713,700) from the early childhood care and education fund including one million dollars (\$1,000,000) for infant mental health, one million dollars (\$1,000,000) for a home visiting marketing campaign, and seven hundred thirteen thousand seven hundred dollars (\$713,700) for the families first and family infant toddler program contingent on legislation increasing the distribution of the fund in fiscal year 2024.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of children enrolled in home visiting for longer than six months that receive regular well child exams as recommended by the American academy of pediatrics	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of children enrolled in home visiting for longer than six months who receive regular well child exams as recommended by the American academy of pediatrics	56.0%	86.0%	80.0%	81.0%	86.0%
Outcome	Percent of children making significant improvement annually in social emotional skills, knowledge and skills and appropriate behavior	0.0%	NEW	0.0%	78.0%	78.0%
* Output	Average annual number of home visits per family	NEW	0.0	12.0	12.0	12.0
Explanatory	Percent of home visiting families with face-to-face visits, monthly	0.0%	NEW	N/A	N/A	N/A
Outcome	Percent of children performing at categorical age expectations annually, to include positive social and emotional skills, knowledge and skills and appropriate behavior	0.0%	NEW	0.0%	75.0%	75.0%
Outcome	Percent of families enrolled in families first by the twenty-eighth week of pregnancy	0.0%	NEW	0.0%	80.0%	80.0%
Outcome	Percent of families enrolled in home visiting by the twenty-eighth week of pregnancy	0.0%	NEW	0.0%	20.0%	25.0%
Outcome	Percent of families enrolled in home visiting who receive safe sleep education and supporting materials and follow the recommended safe sleep practices	0.0%	NEW	0.0%	75.0%	75.0%

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of women enrolled in home visiting who are eligible for medicaid and access prenatal care by the twenty-eighth week of pregnancy	0.0%	NEW	0.0%	80.0%	80.0%
Outcome	Percent of women who are pregnant when they enroll in families first and access postpartum care	0.0%	NEW	0.0%	70.0%	70.0%
Output	Average annual number of home visits per family	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of parents participating in the New Mexico home visiting program for at least eight months who demonstrate progress in practicing positive parent-child interactions as demonstrated by the state-approved, evidence-based screening tool	74.03%	74.73%	75.00%	75.00%	80.00%
Outcome	Percent of women enrolled in families first who are eligible for medicaid and access prenatal care by the twenty-eighth week of pregnancy	27.19%	93.00%	75.00%	75.00%	95.00%
Outcome	Percent of children participating in the family infant toddler program for at least six months who demonstrate substantial increase in their development as measure by the early childhood outcomes tool in: positive social-emotional skills (including social relationships), acquisition and use of knowledge and skills (including early language/communication), and use of appropriate behaviors to meet their needs	76.70%	0.00%	75.00%	76.00%	76.00%
Outcome	Number of families enrolled in centennial home visiting	177.0	299.0	1,500.0	1,250.0	1,250.0
Outcome	Percent of women who are pregnant when they enroll in home visiting and access postpartum care	NEW	80.00%	90.00%	90.00%	90.00%
Outcome	Percent of eligible infants and toddlers with an individual family service plan for whom an initial evaluation and initial assessment and an initial individual family service plan meeting were conducted within the forty-five day timeline	97.00%	91.00%	100.00%	100.00%	100.00%

**EARLY CHILDHOOD SERVICES**BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	84,613.5	51,182.3	55,689.5	48,389.5	(5.5)
Other Transfers	54,279.7	31,827.5	31,827.5	81,127.5	154.9
Federal Revenues	296,156.3	186,995.8	129,966.1	129,966.1	(30.5)
Other Revenues	921.3	1,100.0	1,100.0	1,100.0	0.0
Fund Balance	3,684.8	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>439,655.6</b>	<b>271,105.6</b>	<b>218,583.1</b>	<b>260,583.1</b>	<b>(3.9)</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	8,407.0	8,566.1	9,976.4	9,795.5	14.4
Contractual Services	59,216.8	3,298.8	6,489.8	6,489.8	96.7
Other	365,648.9	259,240.7	202,116.9	244,297.8	(5.8)
Other Financing Uses	365.9	0.0	0.0	0.0	0.0
<b>TOTAL USES</b>	<b>433,638.6</b>	<b>271,105.6</b>	<b>218,583.1</b>	<b>260,583.1</b>	<b>(3.9)</b>
<b>FTE</b>					
Permanent	87.0	87.0	89.0	89.0	2.3
Term	52.0	59.0	64.0	64.0	8.5
<b>TOTAL FTE</b>	<b>139.0</b>	<b>146.0</b>	<b>153.0</b>	<b>153.0</b>	<b>4.8</b>

**Recommended Language**

The internal service funds/interagency transfers appropriations to the early childhood education and care program of the early childhood education and care department include thirty-one million five hundred twenty-seven thousand five hundred dollars (\$31,527,500) from the federal temporary assistance for needy families block grant for childcare.

The early childhood education and care program of the early childhood education and care department includes five million dollars (\$5,000,000) to expand infant and toddler care in the childcare assistance program.

The internal service funds/interagency transfers appropriations to the early childhood education and care program of the early childhood education and care department includes forty two million three hundred thousand dollars (\$49,300,000) from the early childhood care and education fund for childcare assistance contingent on legislation increasing the distribution of the fund in fiscal year 2024.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Average length of time enrolled in months for families receiving child care assistance	0.0	1,999,998.0	0.0	12.0	12.0
Outcome	Average length of time enrolled in months for families receiving childcare assistance	N/A	N/A	N/A	N/A	N/A
Outcome	Average monthly copay as a percentage of monthly income	NEW	0.0%	10.0%	10.0%	10.0%
Outcome	Percent of children attending full-time child care, defined as thirty hours or more a week	0.0%	NEW	0.0%	70.0%	75.0%
Outcome	Percent of enrolled families at or below one hundred twenty-five percent of the federal poverty level	0.0%	NEW	0.0%	50.0%	70.0%
* Outcome	Percent of infants and toddlers participating in the childcare assistance program enrolled in childcare programs with four or five stars	60%	60%	40%	60%	60%
Outcome	Percent of children participating in the public and private state-funded New Mexico prekindergarten program for at least six months showing measurable progress on the school readiness spring preschool assessment tool	95.00%	39.00%	90.00%	90.00%	90.00%

**PRE-KINDERGARTEN****BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	0.0	77,739.5	77,829.6	204,829.5	163.5
Other Transfers	0.0	33,304.1	33,304.1	15,704.1	(52.8)
<b>TOTAL SOURCES</b>	<b>0.0</b>	<b>111,043.6</b>	<b>111,133.7</b>	<b>220,533.6</b>	<b>98.6</b>
<b>USES</b>					
Personal Services and Employee Benefits	0.0	1,082.7	1,082.8	1,082.8	0.0
Contractual Services	0.0	42,192.6	42,192.6	115,496.0	173.7
Other	0.0	19,788.6	19,878.6	19,878.6	0.5
Other Financing Uses	0.0	47,979.7	47,979.7	84,076.2	75.2
<b>TOTAL USES</b>	<b>0.0</b>	<b>111,043.6</b>	<b>111,133.7</b>	<b>220,533.6</b>	<b>98.6</b>
<b>FTE</b>					
Permanent	0.0	11.0	12.0	12.0	9.1
<b>TOTAL FTE</b>	<b>0.0</b>	<b>11.0</b>	<b>12.0</b>	<b>12.0</b>	<b>9.1</b>

**Recommended Language**

The public prekindergarten program of the early childhood education and care department shall coordinate with the public education department to prioritize awards of prekindergarten programs at school districts and charter schools that also provide K-12 plus programs approved by the public education department.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Percent of children enrolled for at least six months in the state-funded New Mexico prekindergarten program who score at first step for kindergarten or higher on the fall observation kindergarten observation tool	0.0%	NEW	0.0%	75.0%	75.0%
* Outcome	Percent of children who participated in a New Mexico prekindergarten program for at least nine months who are proficient in math in kindergarten	0.0%	NEW	0.0%	70.0%	75.0%
* Outcome	Percentage of children who participated in a New Mexico pre-kindergarten program for at least nine months, that are proficient in literacy in kindergarten	NEW	0.0%	32.0%	70.0%	75.0%

**POLICY, RESEARCH AND QUALITY INITIATIVES PROGRAM****BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	43,521.9	12,435.9	13,646.2	13,646.1	9.7
Other Transfers	6,334.6	4,600.0	5,600.0	5,600.0	21.7
Federal Revenues	0.0	4,065.3	4,112.8	4,112.8	1.2
<b>TOTAL SOURCES</b>	<b>49,856.5</b>	<b>21,101.2</b>	<b>23,359.0</b>	<b>23,358.9</b>	<b>10.7</b>
<b>USES</b>					
Personal Services and Employee Benefits	0.0	2,404.8	2,662.5	2,662.4	10.7
Contractual Services	0.0	17,999.7	18,999.7	18,999.7	5.6
Other	0.0	696.7	1,696.8	1,696.8	143.5
Other Financing Uses	49,856.5	0.0	0.0	0.0	0.0
<b>TOTAL USES</b>	<b>49,856.5</b>	<b>21,101.2</b>	<b>23,359.0</b>	<b>23,358.9</b>	<b>10.7</b>
<b>FTE</b>					
Permanent	5.0	23.5	24.5	24.0	2.1
Term	0.0	6.0	6.0	6.0	0.0
<b>TOTAL FTE</b>	<b>5.0</b>	<b>29.5</b>	<b>30.5</b>	<b>30.0</b>	<b>1.7</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Output	Percent of early childhood professionals, including tribal educators, with degrees and/or credentials	NEW	0.0%	45.0%	45.0%	50.0%
Outcome	Number of infant early child mental health professionals trained and onboarded	0.0	NEW	0.0	15.0	15.0
Outcome	Percent of early childhood professionals receiving support from infant early child mental health consultants	0.0%	NEW	0.0%	10.0%	10.0%
Outcome	Percent of licensed child care providers participating in the focus tiered quality rating and improvement system	NEW	51.0%	60.0%	60.0%	60.0%
Outcome	Percent of licensed childcare providers participating in the focus tiered quality rating and improvement system at the four- and five-star level	NEW	0.0%	50.0%	50.0%	50.0%



**Statutory Authority**

Under sections 9-23-1 through 9-23-12 NMSA 1978, the existing Agency on Aging was elevated to a cabinet-level department, the Aging and Long-Term Services Department (ALTSD). This legislation expanded the department substantially, moving to ALTSD the Medicaid waiver program for home- and community-based care for the disabled and elderly (D&E waiver), the Medicaid personal care option (PCO) program, the Program of All Inclusive Care for the Elderly (PACE) from the Human Services Department (HSD); the Traumatic Brain Injury (TBI) Program from the Department of Health (DOH); and the Adult Protective Services Program from the Children, Youth and Families Department (CYFD). However, the General Appropriation Act of 2011 transferred all of the health-related programs (DE waiver, PCO, PACE, TBI) to the Human Services Department to centralize management.

ALTSD is composed of four programs: the Consumer and Elder Rights Program, which administers the Long-Term Care Ombudsman Program and the Aging and Disability Resource Center; the Aging Network Program, which administers the federal Older Americans' Act; the Adult Protective Services Program, which investigates cases of elder neglect, abuse, and exploitation; and Program Support, which provides clerical, record-keeping, and administrative support to the department in the areas of personnel, budget, procurement, and contracting.

**Mission**

The mission of the Aging and Long-Term Services Department is to provide accessible, integrated services to older adults, adults with disabilities, and caregivers to assist them in maintaining their independence, dignity, autonomy, health, safety, and economic well-being, thereby empowering them to live on their own terms in their own communities as productively as possible.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	48,359.9	52,631.0	78,967.1	58,491.0	11.1
Other Transfers	3,068.9	5,676.3	5,676.3	5,676.3	0.0
Federal Revenues	15,085.9	13,803.6	13,803.6	13,803.6	0.0
Other Revenues	87.1	115.8	115.8	115.8	0.0
Fund Balance	0.0	2,553.0	3,747.0	3,747.0	46.8
<b>TOTAL SOURCES</b>	<b>66,601.8</b>	<b>74,779.7</b>	<b>102,309.8</b>	<b>81,833.7</b>	<b>9.4</b>
<b>USES</b>					
Personal Services and Employee Benefits	15,244.4	20,222.4	21,155.7	20,371.2	0.7
Contractual Services	3,792.7	8,667.3	19,377.3	9,377.3	8.2
Other	42,846.5	45,890.0	61,776.8	52,085.2	13.5
<b>TOTAL USES</b>	<b>61,883.6</b>	<b>74,779.7</b>	<b>102,309.8</b>	<b>81,833.7</b>	<b>9.4</b>
<b>FTE</b>					
Permanent	246.0	236.0	236.0	231.0	(2.1)
Term	7.0	10.0	10.0	10.0	0.0
Temporary	35.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>288.0</b>	<b>246.0</b>	<b>246.0</b>	<b>241.0</b>	<b>(2.0)</b>

**At A Glance**

The Aging and Long-Term Services Department (ALTSD) FY24 request included \$78.9 million from the general fund, a 50 percent increase above the FY23 operating budget. A majority of the requested general fund increase was \$8.7 million for grants in the Aging Network Program, \$4 million for volunteer programs, \$3 million for transportation services, and \$10 million for New Mexicare, a new caregiver supports program. The LFC base recommendation supports increases for grants for the Aging Network, volunteer services, and tribal programs to support aging day (adult daycare) programs. The estimated funded vacancy rate in FY23 was nearly 11 percent, and the LFC recommendation increases personnel by \$148.8 thousand.

**Budget Issues**

In FY18, the department commissioned a \$50.6 thousand independent review and evaluation of the Aging Network by the consulting firm Health Management Associates Incorporated (HMA). The most significant finding was that the six-region planning and service area (PSA) structure is needlessly complicated, leading to inconsistent policies, poor oversight, and discontent among providers. HMA recommended the department revisit this structure and choose to either convert the entire state to a single PSA or reduce the number of PSAs to three, with each representing a region of the state. The report noted several other states use a single PSA model. Other recommendations included creating consistent policies statewide, restructuring the Aging Network Program, improving communication at all levels, and overseeing all aging network contracts more consistently. The department moved forward on some of these recommendations by moving the offices of the Aging Network director and deputy to Santa Fe. In addition, a key area agency on aging, North Central, has a new board and staff. Previously, North Central had significant audit findings but worked to resolve many of the audit findings and issues.

**Aging Network.** The Aging Network Program is responsible for overseeing the system that provides home-delivered meals, meals in senior centers and other congregate (group) settings, and other services to over 145 thousand older adults. Overall, the program requested a general fund increase of 47.7 percent. The request for the Aging Network was targeted to several initiatives, including raising wages for metro and non-metro employees to \$15 per hour. The department estimates up to 779 employees would be affected, including kitchen staff, cooks, drivers, center staff, adult day program, legal service staff, homemakers and caregiver respite staff. The request also supports funding for increased food costs and other inflation costs. Given the significant need for services, LFC recommends increasing general fund revenue for the Aging Network \$5.3 million. Additionally, the department requested \$4 million for volunteer services, and expansions of \$3 million for transportation services and \$460 thousand for FTE. The department reported the volunteer services would provide financial incentives for volunteers but little information was available for the transportation expansion. The LFC recommendation includes \$500 thousand for volunteer services.

Many providers have complained in recent years about slow or delayed reimbursements from certain federal programs. In the past, the department allowed for advanced payments to providers to reduce the impact of delayed payments but stopped this practice over concerns it could leave the state liable if federal revenues did not materialize. In the General Appropriation Act of 2018, the Legislature appropriated \$400 thousand with language to allow the advanced payments to resume, but the appropriation was vetoed. LFC staff and the department then worked on language in the General Appropriation Act of 2019 allowing for an additional 12.5 percent distribution from the Department of Finance and Administration for initial payments to Aging Network providers. The LFC recommendation continues this language for FY24.

**Adult Protective Services.** The department general fund request for the Adult Protective Services Program (APS) increased significantly in FY23, close to 25 percent above actual expenditures. The department request for FY24 was a \$10 million increase, or 99.7 percent, for a new program called New Mexicare. The department reports New Mexicare will be an all-inclusive caregiver support services through a participant-centered and self-directed model of service delivery. New Mexicare offers incentives, services, and supports to those caring for family members through financial assistance, training, and support. Each participant would be provided with an individualized allotment that can be used for home care, respite, adult day services, chores, transportation, and equipment.

In FY21, the program began reporting rates of repeat maltreatment to assess the effectiveness of APS in preventing maltreatment. At the end of FY22, 0 percent of abuse, neglect, or exploitation cases had a recurrence within six months of a previously substantiated case. In FY22, the program investigated 5,550 cases of abuse, neglect, or exploitation, up from 4,355 in FY21. During the first quarter of FY23, the number of investigations of abuse, neglect, or exploitation initiated by Adult Protective Services was 1,537, slightly up from the number of investigations during the first quarter of the previous fiscal year.

The department's general fund request for the Consumer and Elder Rights Program included an increase of \$60 thousand, or 3.2 percent, for personnel. The FY23 general fund request for Program Support was flat with the FY23 operating budget. The LFC recommendation supports the department request for these programs.

**Kiki Saavedra Senior Dignity Fund.** During the 2020 legislative session, the Legislature appropriated \$7 million to the newly created Kiki Saavedra senior dignity fund. The fund is overseen by ALTSD to address high-priority services for senior citizens and adults with disabilities in New Mexico, to include transportation, food insecurity, physical and behavioral health, case management, and caregiving. The department requested \$3.7 million for the caregiver cooperative, ombudsman outreach, the volunteer network, senior physical and mental well-being services, and Medicaid infrastructure. However, the Legislature should be cautious in the use of nonrecurring revenue, such as revenue from this fund, in building programs with recurring expenses. The department also requested \$40 million nonrecurring general and the LFC recommendation supports the request contingent on legislation to restructure the fund to provide for disbursements based on investment earnings through the State Investment Council.

**Capital Outlay.** The department has 221 active capital outlay projects with \$52.1 million in unspent balances. If authorized by the Legislature and approved by voters, the 2023 bond question will add 72 additional projects with an additional funding of \$24.2 million. Slower than expected project spending has resulted in \$4.6 million of \$10.6 million of 2018 appropriations that have not progressed past the grant agreement stage from 2018 and \$18.7 million unspent of \$33 million from 2020.

**Base Expansion**

The department requested seven expansions. In Adult Protective Services Program, the department requested \$10 million for the New Medicare program. In the Aging Network Program, the department requested \$3.4 million for transportation and FTE. The LFC recommendation does not recommend the requested expansions.

**BASE EXPANSION LISTING  
FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Alzheimer's FTE	P594	91.1	0.0
1	AND Transportation	P594	3,000.0	0.0
1	Community Health Worker FTE	P594	68.9	0.0
1	Deputy Director FTE	P594	110.4	0.0
1	Food, Farm and hunger FTE	P594	89.7	0.0
1	New Medicare	P593	10,000.0	0.0
1	Senior Service Bureau FTE	P594	100.0	0.0
<b>TOTAL</b>			<b>13,460.1</b>	<b>0.0</b>

**CONSUMER AND ELDER RIGHTS**

The purpose of the consumer and elder rights program is to provide current information, assistance, counseling, education and support to older individuals and people with disabilities, residents of long-term care facilities and their families and caregivers that allow them to protect their rights and make informed choices about quality services.

**BUDGET SUMMARY  
(dollars in thousands)**

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,681.9	1,901.8	1,961.8	1,961.8	3.2
Other Transfers	942.4	1,300.0	1,300.0	1,300.0	0.0
Federal Revenues	2,150.5	1,983.9	1,983.9	1,983.9	0.0
<b>TOTAL SOURCES</b>	<b>4,774.8</b>	<b>5,185.7</b>	<b>5,245.7</b>	<b>5,245.7</b>	<b>1.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,095.5	3,979.9	4,039.9	4,039.9	1.5
Contractual Services	357.9	452.8	500.8	500.8	10.6
Other	509.3	753.0	705.0	705.0	(6.4)
<b>TOTAL USES</b>	<b>3,962.7</b>	<b>5,185.7</b>	<b>5,245.7</b>	<b>5,245.7</b>	<b>1.2</b>
<b>FTE</b>					
Permanent	42.5	40.0	40.0	40.0	0.0
Term	6.0	8.0	8.0	8.0	0.0
<b>TOTAL FTE</b>	<b>48.5</b>	<b>48.0</b>	<b>48.0</b>	<b>48.0</b>	<b>0.0</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of participants in the capacity-building programs who rate the programs as satisfactory or above.	N/A	N/A	N/A	N/A	N/A
* Quality	Percent of calls to the aging and disability resource center answered by a live operator	44%	52%	90%	90%	90%
Outcome	Percent of ombudsman complaints resolved within sixty days	93.00%	99.00%	97.00%	97.00%	97.00%
* Outcome	Percent of residents who remained in the community six months following a nursing home care transition	84%	86%	90%	90%	90%
Quality	Percent of nursing and assisted living facility residents who remained in the facility following a discharge or eviction complaint	94.00%	96.11%	88.00%	88.00%	95.00%
Quality	Percent of people accessing consumer and elder rights division programs who indicated the assistance improved their quality of life and made a positive difference in their decisions	92.00%	96.00%	92.00%	92.00%	92.00%
Outcome	Percent of individuals provided short-term assistance who accessed services within thirty days of a referral from options counseling	98.75%	81.00%	92.00%	92.00%	92.00%
Output	Percent of facilities visited monthly	18.25%	32.00%	40.00%	40.00%	40.00%

**ADULT PROTECTIVE SERVICES**

The purpose of the adult protective services program is to investigate allegations of abuse, neglect and exploitation of seniors and adults with disabilities and provide in-home support services to adults at high risk of repeat neglect.

BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	9,258.3	10,032.5	20,032.5	10,032.5	0.0
Other Transfers	1,931.2	4,376.3	4,376.3	4,376.3	0.0
<b>TOTAL SOURCES</b>	<b>11,189.5</b>	<b>14,408.8</b>	<b>24,408.8</b>	<b>14,408.8</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	7,387.4	10,268.8	10,268.8	10,268.8	0.0
Contractual Services	1,885.5	3,418.6	13,418.6	3,418.6	0.0
Other	1,373.1	721.4	721.4	721.4	0.0
<b>TOTAL USES</b>	<b>10,646.0</b>	<b>14,408.8</b>	<b>24,408.8</b>	<b>14,408.8</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	135.0	128.0	128.0	128.0	0.0
<b>TOTAL FTE</b>	<b>135.0</b>	<b>128.0</b>	<b>128.0</b>	<b>128.0</b>	<b>0.0</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Percent of emergency or priority one investigations in which a caseworker makes initial face-to-face contact with the alleged victim within prescribed timeframes	99%	99%	99%	99%	99%
Output	Number of adult protective services' investigations of abuse, neglect or exploitation	4,355.0	5,550.0	6,150.0	6,150.0	6,150.0
Output	Number of referrals made to and enrollments in home care and adult day care services as a result of an investigation of abuse, neglect or exploitation	89.0	238.0	600.0	600.0	600.0
Outcome	Percent of repeat abuse, neglect or exploitation cases within six months of a substantiation of an investigation	3.74%	0.00%	5.00%	5.00%	2.00%
Outcome	Percent of contractor referrals in which services were implemented within two weeks of the initial referral	64.19%	60.00%	99.00%	99.00%	99.00%
Outcome	Percent of priority two investigations in which a caseworker makes initial face-to-face contact with the alleged victim within prescribed time frames	99.36%	98.00%	97.00%	97.00%	98.00%
Output	Number of outreach presentations conducted in the community within adult protective services' jurisdiction	132.0	180.0	141.0	141.0	141.0

**AGING NETWORK**

The purpose of the aging network program is to provide supportive social and nutrition services for older individuals and persons with disabilities so they can remain independent and involved in their communities and to provide training, education and work experience to older individuals so they can enter or re-enter the workforce and receive appropriate income and benefits.

BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	31,600.6	34,131.4	50,407.5	39,931.4	17.0
Other Transfers	73.8	0.0	0.0	0.0	0.0
Federal Revenues	12,837.1	11,697.8	11,697.8	11,697.8	0.0
Other Revenues	87.1	115.8	115.8	115.8	0.0
<b>TOTAL SOURCES</b>	<b>44,598.6</b>	<b>45,945.0</b>	<b>62,221.1</b>	<b>51,745.0</b>	<b>12.6</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,078.6	1,533.6	2,318.1	1,533.6	0.0
Contractual Services	1,316.1	2,052.7	1,420.7	1,420.7	(30.8)
Other	39,524.1	42,358.7	58,482.3	48,790.7	15.2
<b>TOTAL USES</b>	<b>41,918.8</b>	<b>45,945.0</b>	<b>62,221.1</b>	<b>51,745.0</b>	<b>12.6</b>
<b>FTE</b>					
Permanent	14.0	14.0	22.0	17.0	21.4
Term	1.0	1.0	1.0	1.0	0.0
Temporary	33.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>48.0</b>	<b>15.0</b>	<b>23.0</b>	<b>18.0</b>	<b>20.0</b>

**Recommended Language**

The general fund appropriation to the aging network program of the aging and long-term services department in the other category shall allow for an additional twelve and one-half percent distribution from the department of finance and administration for initial payments to aging network providers at the beginning of the fiscal year.

Any unexpended balances remaining in the aging network from the conference on aging at the end of fiscal year 2024 from appropriations made from other state funds for the conference on aging shall not revert to the general fund.

Any unexpended balances remaining from the tax refund contribution senior fund, which provides for the provision of the supplemental senior services throughout the state, at the end of fiscal year 2024 shall not revert to the general fund.

**PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Outcome	Percent of individuals exiting the senior employment programs achieving financial independence through employment without public sector subsidy	36.00%	29.00%	43.00%	43.00%	43.00%
* Outcome	Number of hours of caregiver support provided	104,730.0	167,701.0	444,000.0	444,000.0	167,000.0
* Output	Number of hours of service provided by senior volunteers, statewide	607,258.0	733,910.0	1,638,000.0	1,638,000.0	745,000.0
Explanatory	Average cost per meal in Bernalillo and Santa Fe counties	\$7.47	\$0.00	N/A	N/A	N/A
Explanatory	Average cost per meal in all counties except Bernalillo and Santa Fe	\$3.78	\$0.00	N/A	N/A	N/A
Explanatory	Average cost per unit of transportation in Bernalillo and Santa Fe counties	\$121.93	\$0.00	N/A	N/A	N/A
Explanatory	Average cost per unit of transportation in all counties except Bernalillo and Santa Fe	\$10.04	\$0.00	N/A	N/A	N/A
Output	Number of outreach events and activities to identify, contact and provide information about aging network services to potential aging network consumers who may be eligible to access senior services but are not currently accessing those services	1,135.0	802.0	250.0	250.0	800.0
Output	Number of meals served in congregate and home-delivered meal settings	4,744,937.0	4,443,066.0	4,410,000.0	4,410,000.0	4,410,000.0
Explanatory	Number of clients appointed as legal guardians of kinship children in their care	309.0	0.0	N/A	N/A	N/A
Output	Number of transportation units provided	68,180.0	136,426.0	637,000.0	637,000.0	637,000.0
Outcome	Percent of older New Mexicans receiving congregate and home-delivered meals through aging network programs that are assessed with "high" nutritional risk	16.22%	15.37%	15.00%	15.00%	15.00%

**PROGRAM SUPPORT**

The purpose of program support is to provide clerical, record-keeping and administrative support in the areas of personnel, budget, procurement and contracting to agency staff, outside contractors and external control agencies to implement and manage programs.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	5,819.1	6,565.3	6,565.3	6,565.3	0.0
Other Transfers	121.5	0.0	0.0	0.0	0.0
Federal Revenues	98.3	121.9	121.9	121.9	0.0
Fund Balance	0.0	2,553.0	3,747.0	3,747.0	46.8
<b>TOTAL SOURCES</b>	<b>6,038.9</b>	<b>9,240.2</b>	<b>10,434.2</b>	<b>10,434.2</b>	<b>12.9</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,682.9	4,440.1	4,528.9	4,528.9	2.0
Contractual Services	233.2	2,743.2	4,037.2	4,037.2	47.2
Other	1,440.1	2,056.9	1,868.1	1,868.1	(9.2)
<b>TOTAL USES</b>	<b>5,356.2</b>	<b>9,240.2</b>	<b>10,434.2</b>	<b>10,434.2</b>	<b>12.9</b>
<b>FTE</b>					
Permanent	53.5	54.0	46.0	46.0	(14.8)
Term	0.0	1.0	1.0	1.0	0.0
Temporary	2.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>55.5</b>	<b>55.0</b>	<b>47.0</b>	<b>47.0</b>	<b>(14.5)</b>

**Statutory Authority**

The Human Services Department was created by Sections 9-8-1 through 9-8-12 NMSA 1978. The agency is responsible for administering a number of programs to provide medical and financial assistance for eligible populations and for child support collection activities. The agency consists of five divisions: Administrative Services, Child Support Enforcement, Medical Assistance (including Medicaid Behavioral Health), Behavioral Health Services, and Income Support. Behavioral Health Services was transferred from the Department of Health in 2007.

**Mission**

The Human Services Department (HSD) administers several large state and federally funded programs that provide healthcare, financial assistance, child support, and food assistance to New Mexico's most needy citizens. The agency manages over \$9 billion of federal and state funding that provide life's most basic services to New Mexico's lowest-income individuals and families, touching the lives of more than half of New Mexicans.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,154,504.7	1,347,518.4	1,634,438.3	1,616,538.0	20.0
Other Transfers	130,845.0	295,248.6	332,792.2	352,699.0	19.5
Federal Revenues	8,815,307.4	7,392,333.8	8,416,903.5	8,451,403.5	14.3
Other Revenues	110,670.9	136,562.5	103,803.6	103,803.6	(24.0)
Fund Balance	5.6	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>10,211,333.6</b>	<b>9,171,663.3</b>	<b>10,487,937.6</b>	<b>10,524,444.1</b>	<b>14.7</b>
<b>USES</b>					
Personal Services and Employee Benefits	103,203.6	133,931.3	137,758.0	136,698.5	2.1
Contractual Services	363,010.6	269,240.7	299,909.7	298,866.0	11.0
Other	9,643,125.4	8,768,491.3	10,050,269.9	10,088,879.6	15.1
<b>TOTAL USES</b>	<b>10,109,339.6</b>	<b>9,171,663.3</b>	<b>10,487,937.6</b>	<b>10,524,444.1</b>	<b>14.7</b>
<b>FTE</b>					
Permanent	2,011.0	2,004.5	2,018.5	2,018.5	0.7
Term	13.0	17.0	16.0	16.0	(5.9)
<b>TOTAL FTE</b>	<b>2,024.0</b>	<b>2,021.5</b>	<b>2,034.5</b>	<b>2,034.5</b>	<b>0.6</b>

**At A Glance**

The Human Services Department's (HSD) initial FY24 budget request was \$10.488 billion from all revenue sources, a \$1.3 billion, or 14.3 percent, increase over the FY23 operating, including an additional \$252.6 million from the general fund, an increase of 18.7 percent. The operating budget was adjusted downward by \$80 million in general fund revenue as required by FY23 contingency language stipulating \$80 million in general fund support be rescinded if the Medicaid Program received two additional quarters of federal matching funds under the federally declared public health emergency. Additionally, the Department of Finance and Administration amended HSD's FY24 budget request and supplanted Medicaid program support of \$34.3 million from the health care affordability fund with general fund revenue. The revised HSD budget request included an additional \$286.9 million in general fund support, an increase of 21.3 percent over FY23. The request included an additional \$258.2 million from the general fund for the Medicaid Program, including administration, a 24.3 percent increase over the FY23 adjusted operating budget. Medicaid behavioral health included a \$19.9 million general fund increase over FY23, an increase of 13.8 percent.

The LFC recommendation for HSD is \$10.524 billion from all revenue sources, a \$1.35 billion, or 14.7 percent, increase over the FY23 adjusted operating budget, and includes an additional \$269 million from the general fund, an increase of 20 percent. LFC recommends a \$235.8 million increase in general fund support for the state's Medicaid Program and Medicaid administration, a 22.2 percent over the FY23 adjusted operating budget. The recommendation includes the requested increase of 13.8 percent in general fund support for Medicaid behavioral health. The Medicaid recommendation includes \$34.3 million in health care affordability fund revenue "to maintain coverage through medical assistance programs administered by the human services department" as provided for in the fund's enabling statute. The LFC Medicaid recommendation uses revenue from the general fund to replace federal funds increased during the public health emergency and slated to wind down in FY24 with enrollment projected to slowly decline. In an effort to ensure access to healthcare, LFC recommends \$76.4 million from the general fund and \$7.7 million from the early childhood education and



care program fund for Medicaid and Medicaid behavioral health rate increases for providers, rural hospitals, hospitals, and nursing facilities to bring rates up to 100 percent of Medicare rates or greater. LFC recognizes having coverage does not necessarily equate to having access to healthcare and the state must support healthcare providers and facilities affected by inflation and minimum wage adjustments to promote greater ease of access to care for New Mexicans.

### Budget Issues

**Medicaid and Medicaid Behavioral Health .** The Human Services Department (HSD) requested a substantial increase in general fund support in FY24, \$372.2 million, for the Medicaid Program and Medicaid Behavioral Health Program to offset the projected cessation in pandemic-related federal support for the program, support enrollment projections, and provide for utilization and medical inflation for managed care organizations (MCOs). When the federally declared public health emergency (PHE) is ended, the Medicaid enrollment maintenance-of-effort requirements also end. HSD projects over 85 thousand people will no longer be eligible for coverage. However, HSD's updated November Medicaid projection indicates the program would require \$7.5 million less in general fund revenue than the FY24 request despite substantial projected enrollment declines. HSD also projected in November that, barring additional pandemic federal funds support beyond March 2022, the Medicaid Program would finish FY23 with a projected surplus of \$25.4 million. However, inaction by the U.S. Department of Health and Human Services (HHS) suggests the PHE could be extended beyond its scheduled expiration in early January and enhanced federal matching funds extended through the end of FY23. An extension of the PHE would increase the projected FY23 Medicaid surplus to over \$60 million.

LFC recommends a \$257.5 million increase in general fund support for the state's Medicaid Program in FY24, a 22 percent increase over the FY23 operating budget. The LFC recommendation for general fund support replaces Covid-19 federal matching funds used during 2022 and 2023. The LFC recommendation also includes almost \$10 million in additional revenue from the county-supported Medicaid fund and continues the FY23 operating budget's use of \$34.3 million from the health care affordability fund to expand coverage for adults under 138 percent of the federal poverty level. The recommendation also provides over \$76 million for Medicaid and Medicaid behavioral health to fund provider and facility rate increases to recruit and retain healthcare professionals in New Mexico and bolster access to healthcare. The rate increases will raise Medicaid providers to no less than 100 percent of Medicare, with primary care, maternal and child health, and behavioral health providers raised to 120 percent of Medicare rates. Facilities will be raised to 100 percent of Medicare rates or receive a 5 percent increase, whichever is applicable, with rural primary care clinics and federally qualified health centers rates raised by at least 3 percent.

For FY24, HSD requested an additional \$7.8 million from the general fund for Medicaid administration. The request included \$283.6 thousand for personnel, \$7.6 million for administrative contracts, and \$181 thousand for computer licenses. LFC recommends an increase in general fund support of \$4.8 million.

**Medicaid Expansion Items.** HSD's Medicaid Program FY24 budget request included \$10.7 million in general fund support for items proposed in the newly submitted 1115 waiver, the state's Medicaid services plan that must be approved by federal regulators. The expansion items include continuous enrollment for children up to age 6, expanded home- and community-based services and additional enrollment slots, traditional healing, services for justice-involved individuals, and expanded home visiting for new families and supportive housing. LFC recommends \$6.2 million for Medicaid expansion items.

**Revenue Adjustments.** HSD's request for Medicaid in FY24 includes an additional \$22.2 million in nonrecurring fund balances from the tobacco settlement program fund. This would use all of the tobacco settlement program fund balance to support Medicaid, and would then use all of the projected FY24 incoming revenue to support funding programs with the same level of support from the tobacco settlement program fund as in FY23. The request also included use of an additional \$10.2 million in county-supported Medicaid funds, revenue generated from a gross receipts tax assessment and dedicated for Medicaid support by counties. LFC recommends \$8.8 million in tobacco settlement program funds and the requested amount of \$47.1 million from county-supported Medicaid fund revenue.

HSD's FY23 operating budget and the department's originally submitted FY24 request included budgeting of health care affordability fund revenue for costs associated with the Medicaid expansion population, so-called because eligibility was expanded to cover adults up to 138 percent of the federal poverty level (FPL) under the federal Patient Protection and Affordable Care Act. The Department of Finance and Administration amended HSD's FY24 budget request to swap \$34.3 million in health care affordability fund (HCAF) revenue with general fund revenue. LFC recommends the initially requested \$34.3 million in health care affordability fund revenue be used "to maintain coverage through medical assistance programs administered by the human services department" to maintain coverage for adults under 138 percent of the federal poverty level as provided for in the fund's enabling statute, under Section 59A-23F-11 (C).

The enabling statute for the HCAF lays out ways to use the fund to support Medicaid when federal support declines with the end of the public health emergency. Medicaid expansion has helped significantly reduce the uninsured population in New Mexico and is consistent with the purpose of the HCAF under Section 59A-23F-11 (B)(3) for the "implementation of health care coverage initiatives for uninsured New Mexico residents." Additionally, the health care quality surcharge revenue is generated from a general tax not specific to Medicaid but used to support the Medicaid Program. Similarly, the health insurance premium surtax proceeds deposited into the HCAF are equally appropriate to direct to Medicaid for the expansion popula-

tion. These revenues fall under the federal provisions that allow states to recycle Medicaid provider taxes and fees back into the program. Notably, New Mexico case law supports the Legislature's general authority to appropriate money earmarked for one purpose to a different purpose, according to a New Mexico Attorney General Opinion (Udall 94-05). The opinion found other state case law also supported this practice, noting, "The cases from other states are in accord with the general rule, which permits the legislature to direct money from one special fund to another and different fund or purpose as long as it remains subject to legislative control." The HCAF is subject to annual legislative appropriations and is not earmarked for exclusion from annual budgeting similar to other state funds.

The Human Services Department reverted \$56 million to the general fund for FY22 compared with \$8 million in FY21 and \$139 million in FY20. The larger reversions were primarily due to Medicaid receiving additional pandemic-related federal Medicaid matching funds. To date for FY23, the Medicaid Program has received over \$150 million in pandemic federal Medicaid matching funds.

**HSD Provider Rate Study and Rate Increases.** HSD completed a Medicaid provider rate study with phase one for providers and phase two for facilities, with a range of options for rate increases. The study indicated the cost to increase provider rates for maternal and child health, behavioral health, and primary care rates up 120 percent of Medicare rates, other providers up to 100 percent of Medicare rates, and include nonmedical costs for managed care organizations (MCOs), would be \$83 million from the general fund. LFC recommends \$56.8 million for rate increases excluding nonmedical MCO costs, including \$7.2 million from the early childhood education and care program fund. The Medicaid provider rate increases were not included in HSD's FY24 base request but HSD requested a nonrecurring special appropriation request of \$83 million for these items.

The study indicated to increase facility rates up to 100 percent of Medicare rates or an increase of 5 percent when Medicare rates are not applicable, would cost \$15.6 million from the general fund, including nonmedical MCO costs and excluding nursing facilities. LFC recommends \$19.6 million in general fund support and \$498 thousand from the early childhood education and care program fund for Medicaid rate increases for rural hospitals, hospitals, nursing facilities, and at least a 3 percent increase for primary care centers and federally qualified health centers, all excluding nonmedical MCO costs. HSD did not request funding for Medicaid facility rate increases.

**Medicaid Enrollment.** HSD reported 986,830 individuals enrolled in Medicaid in September 2022, almost 47 percent of the state's population and 18 percent above the prepandemic enrollment levels of February 2020. The department projects a total of 930,537 people will enroll in Medicaid at the end of FY24 and peak in January 2023 with an estimated 992 thousand individuals. These projections include an estimated 272 thousand adults in the expansion population, so-called because eligibility was expanded to cover adults up to 138 percent of the federal poverty level (FPL) under the federal Patient Protection and Affordable Care Act. The annual income for an individual at 138 percent of the FPL is \$18.8 thousand.

The declining rate of growth in Medicaid enrollment projected for FY24 is a residual effect of HSD's compliance with federal maintenance-of-effort requirements under the federally declared public health emergency (PHE). Under the PHE, states received an additional 6.2 percent federal funds matching rate for every quarter the federal government maintained the Covid-19 public health emergency order and could not disenroll members. To date, the additional federal matching funds will extend through the end of March 2023 with the current public health order set to expire on January 11, 2023. However, the federal government has not signaled it will rescind the order in January, so states expect the additional federal matching funds may extend through the end of FY23 in June.

In return for the extra 6.2 percent federal matching funds, states' Medicaid programs must maintain enrollment of all individuals enrolled during the public health emergency period and must maintain the same level of benefits for these individuals. This maintenance-of-effort (MOE) requirement limits states' ability to implement Medicaid cost-saving measures despite many states experiencing declining revenues under the economic burden of the pandemic while simultaneously experiencing rising Medicaid costs. HSD notes some increase in labor force participation in FY24 along with the PHE expiration will lead to declines in Medicaid enrollment, with a projected 85 thousand enrollees expected to be ineligible due to exceeding income limits. But it will take individuals time to gradually come off the Medicaid Program, and even with the assumption that 85 thousand will disenroll, it is projected Medicaid enrollment will still exceed prepandemic levels by 80 thousand enrollees. LFC recommends slightly below the requested level of funding for Medicaid enrollment.

**Medicaid Cost Drivers.** Medicaid costs are generally driven by enrollment, clients' use of services, and rates paid to managed care organizations and providers. Some of the cost increases are attributable to legislatively authorized provider rate increases or service expansion, while others are a result of HSD rate increases with managed care organizations.

In addition to maintenance-of-effort requirements during the duration of the federal Covid-19 public health order, other factors driving Medicaid costs include decreasing federal matching funds for the children's health insurance program (CHIP), healthcare inflation, Covid-19 patient acuity, and minimum wage increases for personnel. The federal government is reducing support for CHIP, which will require states to add funding to maintain the program. Also, New Mexico's overall FY24 Medicaid federal matching rate, or federal medical assistance percentage (FMAP), decreased from a rate of 73.26 to 72.59, resulting in additional general fund costs of \$14 million.

Notably, Medicaid managed care organizations (MCOs) rates were initially developed based on enrollment projections smaller than actual enrollment. Therefore, MCOs and providers benefitted from larger enrollments with more substantial rates. During the peak of the pandemic, providers also received additional federal relief and saw fewer clients during lockdowns, realizing savings in fixed costs.

**Coverage Initiatives.** The health care affordability fund (HCAF) was authorized during the 2021 legislative session and provides funding to lower out-of-pocket costs for people purchasing health insurance on the state's health insurance exchange. Revenue for the health care affordability fund is generated from an increased 2.75 percent surcharge on health insurance premiums. Initially 52 to 55 percent of the generated revenues are distributed to the health care affordability fund, decreasing in 2024 onward to 30 percent. The general fund receives the remainder of the distribution of revenue. The health care affordability fund is projected to have a fund balance of \$220.5 million in FY24.

The Office of Superintendent of Insurance (OSI) was appropriated over \$58 million from the HCAF in FY23 and requested over \$90 million from the HCAF for FY24 partially to waive the first month of health insurance exchange premiums for the same 40 thousand former Medicaid enrollees expected to be eligible on the exchange (NMHIX), beWellNM, after they are disenrolled at the end of the PHE. The funding would also be used to subsidize premiums for people enrolled in the NMHIX with incomes up to 400 percent of the federal poverty level—about \$55 thousand annually for an individual—subsidize 10 percent of the health insurance premium costs for small businesses offering coverage through the NMHIX, and subsidize premiums for undocumented individuals covered on the NMHIX. OSI's FY24 request for use of HCAF fund revenues is based on full participation by all these different groups.

**Medicaid Behavioral Health.** The Medicaid Program includes funding for supportive housing, accredited adult residential treatment centers, and social detoxification services. It also expands the use of Medicaid health homes treating co-occurring serious mental illness and substance use disorders and waives the exclusion in federal law that prohibits Medicaid reimbursement for private and state-run "institutions of mental disease" that provide inpatient psychiatric services. However, the benefits from this change are being implemented slowly. The use of telehealth has increased behavioral health encounters in the state although behavioral health outcomes show little improvement.

For FY24, HSD requested and the committee recommends a \$19.9 million general fund increase over FY23 for the Medicaid Behavioral Health Program based on projected enrollment and maintaining rates. LFC also recommends a general fund increase of \$7.1 million and \$498 thousand from the early childhood education and care program fund to raise provider rates to 120 percent of Medicare rates. The general fund support represents an 18.4 percent increase over the FY23 operating budget and represents the committee's continued support to fully funding Medicaid behavioral health services. Additionally, the recommendation includes \$4.26 million for evidenced-based behavioral health services with the state match coming from the early childhood education and care program fund pending finalization of the Kevin S. settlement implementation plan. LFC's recommendation does not support funding for a separate MCO for the Children, Youth and Families Department's Medicaid clients.

LFC also recommends \$50 thousand in general fund revenue be transferred to the Administrative Hearings Office to fund behavioral health hearing officers.

**Income Support Program.** The Income Support Program includes funding and support for the Temporary Assistance for Needy Families (TANF) Program, Supplemental Nutrition Assistance Program (SNAP), General Assistance (GA), Low-Income Home Energy Assistance Program (LIHEAP), and other programs. These programs assist eligible low-income families through cash, food, medical, and employment and energy assistance so they can achieve self-sufficiency.

The Human Services Department's FY24 budget request for the Income Support Program was \$1.31 billion from all revenue sources, a \$227.3 million, or 21 percent, increase over the FY23 operating budget. The Income Support Program's budget request did not include an increase from the general fund. The request did include an additional projected increase of \$241 million in federal funds for SNAP. HSD requested a special appropriation of \$27 million in nonrecurring general fund revenues to increase the TANF maximum benefit, expand eligibility, and other TANF program changes.

For the Income Support Program, LFC recommends \$1.32 billion including the requested \$58.3 million from the general fund. LFC also recommends \$10 million in base recurring TANF funds to support increasing the TANF maximum benefit.

*Temporary Assistance for Needy Families.* Under the TANF program, states receive a federal block grant to provide cash assistance and work support programs to low-income families. States have broad discretion to meet federally mandated requirements but must report on the work participation rates of TANF clients. Failure to meet federally established work rates could trigger penalties.

The TANF caseloads saw significant increases during the pandemic. However, the caseload in August 2022 was 10,803, a decrease of 10.3 percent from a year ago.

The LFC recommendation for TANF cash assistance is \$58 million and includes a \$10 million increase in TANF funding to support an increase of 15 percent in the TANF maximum benefit. The LFC recommendation maintains FY23 operating levels of funding for the vocational training and wage sub-

sity programs, and maintains the FY23 funding level for the New Mexico Works program, a reduction of \$1.5 million from the request, for the workforce program currently administered by the Workforce Solutions Department.

**TANF Transfers.** The LFC recommendation also returns to the prior year practice of including \$500 thousand in TANF funding for the graduation, reality and dual-role skills program (GRADS) at the Public Education Department to expand services, including mentoring for teenage fathers. Additionally, the recommendation includes a TANF transfer to the Higher Education Department of \$2 million to fund adult basic education and \$1 million for integrated education and training programs, including integrated basic education and skills training (IBEST) programs. LFC recommends the requested \$31.5 million in TANF funds for transfer to the Early Childhood Education and Care Department for childcare and \$16.8 million in TANF funds for transfer to the Children, Youth and Families Department for supportive housing (\$900 thousand), adoption and youth housing (\$2.86 million), and protective, prevention, and behavioral health services (\$13 million). The LFC recommendation results in a projected TANF carryover balance of \$24.6 million, excluding any forthcoming additional federal TANF contingency funding.

**Supplemental Nutrition Assistance Program.** The LFC recommendation supports the request for federal SNAP funds totaling \$998.7 million, \$241.3 million greater than FY23 levels and an increase of 31.8 percent. Monthly SNAP caseloads have been increasing during the Covid-19 pandemic. The August 2022 SNAP caseload was 257,176, an increase of 2.6 percent over the previous month. Food insecurity remains a significant problem for adults and children in New Mexico. When the federally declared public health emergency ends, additional SNAP eligibility will be rescinded. HSD is projecting a 33 percent reduction in SNAP enrollees, further affecting food insecurity and grocery store revenue and commerce.

**Behavioral Health Services Program.** The Behavioral Health Services Program's FY24 budget request was \$89.8 million from all sources. The general fund request of \$60.7 million was an increase of \$8.2 million, or 15.5 percent, above the FY23 operating budget. The Behavioral Health Services Division (BHSD) requested additional funding to reduce its vacancy rate and enhance the NMConnect behavioral health phone app. BHSD requested general fund increases for expansion items including, \$557 thousand for personnel to implement certified community behavioral health clinics, \$1.2 million for provider rate increases for non-Medicaid eligible behavioral health services, \$5.2 million for 988 Crisis Now mobile crisis response units, and \$100 thousand for local behavioral health collaboratives.

The LFC recommendation for the Behavioral Health Services Program supports an overall budget for FY24 of \$87.7 million, including increasing general fund support by \$6.1 million, or 11.6 percent. LFC recommends general fund support that includes \$3.8 million for the 988 Crisis Now mobile crisis units in addition to \$1.4 million in a special appropriation, for a total of \$5.2 million. The recommendation also includes \$1.2 million for non-Medicaid-eligible behavioral health provider rate increases, \$140 thousand for the NMConnect app, and an additional \$1 million for the Linkages housing program.

**Child Support Enforcement Program.** The recommendation supports the Child Support Enforcement Division's (CSED) \$35.7 million request for FY24, including an additional \$234 thousand in general fund support. The total request and recommendation are basically flat with the FY23 operating budget. The additional general fund revenue supports replacing revenue from child support fees charged to families on TANF or Medicaid.

CSED is implementing modernization changes to its business model, including setting accurate child support obligations based on the noncustodial parents ability to pay; increasing consistent, on-time payments to families; moving nonpaying cases to paying status; improving child support collection rates; reducing the accumulation of unpaid and uncollectable child support arrearages; and incorporating technological advances and evidence-based standards that support good customer-service and cost-effective management practices. CSED reports it is collaborating with the Workforce Solutions Department to support noncustodial parents with job training in an effort to increase collection of sustainable child support payments.

**Program Support.** For Program Support, HSD requested \$74.9 million for FY24, including an increase of \$440 thousand in general fund revenue, a 2 percent increase over the FY23 operating budget. The requested funding was for the maintenance and operations contract for the department's IT systems and two expansion items totaling \$350 thousand in general fund revenue for inflation of IT contract staffing and IT hardware and software. The LFC recommendation supports the request for general fund revenue for these items, excluding the \$90 thousand for maintenance and operations of IT contracts.

**HSD Quarterly Performance Reporting.** For FY22, quarterly data for the Human Services Department's Medicaid Program, the largest per capita Medicaid Program in the country, was not consistently reported because of a lag in data from the reporting period, making it difficult to monitor performance outcomes. Where data is available, Medicaid's performance appeared to be on trend for the same period in the prior year.

Labor force participation is needed at all levels in the state. However, the Income Support Division's (ISD) Temporary Assistance for Needy Families (TANF) Program reported 0.8 percent out of a targeted 37 percent of TANF recipients were ineligible for cash assistance due to work-related income. Notably, the Workforce Solutions Department is tasked with assisting TANF participants with workforce and educational opportunities, yet performance continues to fall far short of targeted levels.

Despite a substantial investment, behavioral health performance outcomes remain poor in New Mexico, and the state continues to have some of the worst behavioral health outcomes in the country. In recent years, state and federal funding for behavioral health has notably increased in both the Medicaid Program and the Behavioral Health Services Division. Several initiatives have been implemented; however, these efforts may not yet be fully reflected in the behavioral health performance outcomes.

The Behavioral Health Collaborative needs to enhance its role coordinating overarching behavioral health services across state agencies, including Medicaid. Performance data across agencies would provide a comprehensive overview of the coordination of behavioral health services in the state system, access to services, and systemic outcomes. Currently, the behavioral health report card primarily consists of data from the Behavioral Health Services Division of the Human Services Department, representing only a portion of the state's behavioral health system and service dollars.

### Base Expansion

The Human Services Department (HSD) requested \$7 million in base expansion within the Behavioral Health Services Program for 988 Crisis Now mobile crisis units, non-Medicaid-eligible behavioral health service provider rate increases, personnel funding, and funding for local collaboratives. LFC recommends \$5 million for non-Medicaid-eligible behavioral health service provider rate increases and 988 Crisis Now mobile crisis units with \$1.4 million additional funding included in special appropriation funding. HSD also requested and LFC recommends \$1 million in Program Support funding for information technology contracts, hardware, and software.

#### BASE EXPANSION LISTING FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	988 Funding Base Increase, Human Services Department	P767	5,200.0	3,771.8
2	Certified Community Behavioral Health Clinic (CCBHC)	P767	557.5	0.0
3	Non-Medicaid Behavioral Health Rate Increases	P767	1,200.0	1,200.0
4	Information Technology Base Budget Request	P522	1,009.8	1,009.8
7	BHC Expansion Request	P767	100.0	0.0
<b>TOTAL</b>			<b>8,067.3</b>	<b>5,981.6</b>

### CHILD SUPPORT ENFORCEMENT

The purpose of the child support enforcement program is to provide location, establishment and collection services for custodial parents and their children; to ensure that all court orders for support payments are being met to maximize child support collections; and to reduce public assistance rolls.

#### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	8,091.2	10,924.9	11,159.7	11,159.7	2.1
Other Transfers	169.0	0.0	0.0	0.0	0.0
Federal Revenues	20,223.2	23,788.6	24,297.3	24,297.3	2.1
Other Revenues	3,022.3	1,281.9	267.0	267.0	(79.2)
<b>TOTAL SOURCES</b>	<b>31,505.7</b>	<b>35,995.4</b>	<b>35,724.0</b>	<b>35,724.0</b>	<b>(0.8)</b>



**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	18,301.2	23,878.6	23,878.6	23,878.6	0.0
Contractual Services	7,138.3	7,202.4	7,188.4	7,188.4	(0.2)
Other	4,683.2	4,914.4	4,657.0	4,657.0	(5.2)
<b>TOTAL USES</b>	<b>30,122.7</b>	<b>35,995.4</b>	<b>35,724.0</b>	<b>35,724.0</b>	<b>(0.8)</b>
<b>FTE</b>					
Permanent	372.0	370.0	370.0	370.0	0.0
<b>TOTAL FTE</b>	<b>372.0</b>	<b>370.0</b>	<b>370.0</b>	<b>370.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Amount of child support collected, in millions	N/A	\$130	\$145	\$145	\$150
* Outcome	Percent of current support owed that is collected	N/A	58%	60%	60%	65%
* Outcome	Percent of cases with support orders	N/A	83%	85%	85%	87%
Output	Total dollars collected in child support obligations for each dollar expended by the child support enforcement program	N/A	\$0	\$4	\$4	\$4
Explanatory	Average amount of child support collected, per child	N/A	\$0	N/A	N/A	N/A
* Explanatory	Percent of noncustodial parents paying support to total cases with support orders	N/A	52%	N/A	N/A	N/A

**MEDICAL ASSISTANCE**

The purpose of the medical assistance program is to provide the necessary resources and information to enable low-income individuals to obtain either free or low-cost healthcare.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	871,951.0	1,060,342.1	1,318,517.5	1,296,139.2	22.2
Other Transfers	129,607.6	292,948.6	330,492.2	349,900.8	19.4
Federal Revenues	6,200,280.5	5,701,956.2	6,431,132.4	6,431,132.4	12.8
Other Revenues	105,363.3	134,008.4	102,264.4	102,264.4	(23.7)
<b>TOTAL SOURCES</b>	<b>7,307,202.4</b>	<b>7,189,255.3</b>	<b>8,182,406.5</b>	<b>8,179,436.8</b>	<b>13.8</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	11,639.6	15,680.6	16,247.8	16,247.8	3.6
Contractual Services	206,813.8	102,930.3	131,102.5	131,102.5	27.4
Other	6,994,675.2	7,070,644.4	8,035,056.2	8,032,086.5	13.6
<b>TOTAL USES</b>	<b>7,213,128.6</b>	<b>7,189,255.3</b>	<b>8,182,406.5</b>	<b>8,179,436.8</b>	<b>13.8</b>
<b>FTE</b>					
Permanent	218.0	219.5	221.5	221.5	0.9
Term	1.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>219.0</b>	<b>219.5</b>	<b>221.5</b>	<b>221.5</b>	<b>0.9</b>

### Recommended Language

The appropriations to the medical assistance program of the human services department assume the state will receive an enhanced federal medical assistance percentage rate for those enrolled in the expansion adult category through fiscal year 2024 as provided for in the federal Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010. Should the federal government reduce or rescind the federal medical assistance percentage rates established by the federal Patient Protection and Affordable Care Act, the human services department shall reduce or rescind eligibility for the new adult category.

The internal service funds/interagency transfers appropriation to the medical assistance program of the human services department in the other category includes one million two hundred fifty-five thousand four hundred dollars (\$1,255,400) from the tobacco settlement program fund for the breast and cervical cancer treatment program and seven million five hundred ninety thousand nine hundred dollars (\$7,590,900) from the tobacco settlement program fund for medicaid programs.

The internal service funds/interagency transfers appropriations to the medical assistance program of the human services department include forty-seven million one hundred thirty-eight thousand dollars (\$47,138,000) from the county-supported medicaid fund and thirty-four million three hundred thousand dollars (\$34,300,000) from the health care affordability fund for the expansion adult population.

The other state funds appropriations to the medical assistance program of the human services department include thirty-five million four hundred sixty-five thousand dollars (\$35,465,000) from the health care facility fund.

The general fund appropriation to the medical assistance program of the human services department in the other category includes forty-nine million six hundred forty-five thousand nine hundred dollars (\$49,645,900) for provider rate increases and includes funds to raise rates for primary care and maternal and child health services to one hundred twenty percent of medicare rates or equivalent levels based on the human services department's comprehensive rate review but excludes funds for nonmedical costs.

The general fund appropriation to the medical assistance program of the human services department in the other category includes nineteen million five hundred ninety-five thousand two hundred dollars (\$19,595,200) for facility rate increases and includes funds to raise rates for rural hospitals, hospitals and nursing facilities up to one hundred percent of medicare rates or equivalent rates based on the human services department's comprehensive rate review but excludes funds for nonmedical costs. The funding shall prioritize rate increases for rural hospitals with the allocations implemented through managed care directed payments and upper payment limit payments to sustain the economic viability of rural hospitals, hospitals and nursing facilities, with the nursing facility rate increase contingent on meeting quality of care performance measures in the value-based purchasing program.

The general fund appropriation to the medical assistance program of the human services department in the other category includes \$1 million dollars (\$1,000,000) for a three percent or greater rate increase for rural primary care clinics and federally qualified health centers.

The internal service funds/interagency transfers appropriations to the medical assistance program of the human services department include four million two hundred fifty-eight thousand four hundred dollars (\$4,258,400) from the early childhood education and care program fund to expand evidenced-based children's behavioral health services for children in custody of the children, youth and families department but does not include funding for a separate medicaid managed care organization administering services for clients of the children, youth and families department; six million six

hundred forty-three thousand six hundred dollars (\$6,643,600) from the early childhood education and care program fund to support provider rate increases for maternal and child health services; and five hundred ninety-nine thousand eight hundred dollars (\$599,800) from the early childhood education and care program fund to support rate increases for youth residential treatment centers.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of children two years of age enrolled in medicaid managed care who had four diphtheria, tetanus and acellular pertussis; three polio; one measles, mumps, and rubella; three haemophilus influenza type B; three hepatitis B; one chicken pox and four pneumococcal conjugate vaccines by their second birthday	NEW	0%	71%	67%	71%
Outcome	Percent of discharges for members six years of age or older in medicaid managed care who were hospitalized for treatment of selected mental illness diagnoses and who had a follow-up visit with a mental health practitioner within thirty days after discharge	NEW	0%	55%	54%	55%
Outcome	Percent of emergency department visits for members six years of age and older with a principal diagnosis of mental illness who had a follow-up visit for mental illness within thirty days of the emergency department visit	NEW	0%	50%	48%	50%
Outcome	Percent of medicaid managed care member deliveries with a postpartum visit on or between seven and eighty-four calendar days after delivery	NEW	0%	66%	66%	66%
Outcome	Percent of Medicaid managed care members age eighteen years and older as of April 30 of the measurement year who were diagnosed with a new episode of major depression during the intake period and received at least one-hundred eighty calendar days six months of continuous treatment with an antidepressant medication	NEW	0%	35%	35%	35%
Outcome	Percent of medicaid managed care members eighteen to sixty-four years of age with schizophrenia, schizoaffective disorder or bipolar disorder who were dispensed an antipsychotic medication and had a diabetes screening test during the measurement year	NEW	0%	82%	77%	80%
Outcome	Percent of medicaid members ages six to twelve newly prescribed attention-deficit/hyperactivity disorder medication who had at least three follow-up care visits within a ten month period	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of members three to seventeen years of age enrolled in medicaid managed care who had an outpatient visit with a primary care physician or obstetrician/gynecologist and who had evidence of counseling for physical activity during the measurement year	NEW	0%	58%	58%	58%
Outcome	Percent of Members with a nursing facility level of care who are being served in a non-institutional setting	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of adolescent and adult medicaid managed care members with a new episode of alcohol or other drug dependence who received initiation of alcohol and other drug treatment	NEW	0%	50%	48%	52%



## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Number of unique medicaid managed care members receiving behavioral health services by a behavioral health provider	NEW	0.0	230,000.0	230,000.0	250,000.0
Output	Number of unique medicaid managed care members receiving behavioral health services by a non-behavioral health provider	NEW	0.0	140,000.0	140,000.0	175,000.0
Output	Number of unique medicaid managed care members with a telemedicine visit at the end of the previous calendar year	NEW	0.0	140,000.0	140,000.0	140,000.0
* Outcome	Percent of children ages two to twenty years enrolled in medicaid managed care who had at least one dental visit during the measurement year	N/A	0%	72%	60%	72%
* Explanatory	Percent of infants and children in medicaid managed care who had six or more well-child visits in the first fifteen months of life	0%	0%	N/A	N/A	N/A
* Outcome	Percent of children and adolescents in medicaid managed care ages three to twenty-one years who had one or more well-care visits during the measurement year	N/A	0%	88%	45%	80%
* Outcome	Percentage of members eighteen to seventy-five years of age in medicaid managed care with diabetes, types 1 and 2, whose HbA1c was 9 percent during the measurement year	N/A	0%	86%	50%	80%
Outcome	Percent of hospital readmissions for children in medicaid managed care ages two through seventeen years within thirty days of discharge	N/A	7%	5%	5%	5%
* Outcome	Percent of adults in medicaid managed care age eighteen and over readmitted to a hospital within thirty days of discharge	N/A	0%	8%	8%	8%
* Outcome	Percent of medicaid managed care member deliveries who received a prenatal care visit in the first trimester or within forty-two days of eligibility	N/A	0%	83%	80%	83%
Explanatory	Expenditures for children and youth receiving services through medicaid school-based service programs through an individualized education program, in millions	N/A	\$15,811,816	N/A	N/A	N/A
Quality	Percent of members reporting satisfaction with centennial care services	N/A	83%	82%	82%	82%
Outcome	Percent of centennial care members participating in centennial rewards	N/A	45%	47%	47%	47%
Outcome	Rate of short-term complication admissions for medicaid managed care members with diabetes per one hundred thousand members	N/A	16.6	16.4	16.4	16.4
Outcome	Percent of medicaid managed care members five through sixty-four years of age who were identified as having persistent asthma and had a ratio of controller medications to total asthma medications of 0.50 or greater during the measurement year	N/A	0%	55%	55%	55%
Explanatory	Number of justice-involved individuals who are made eligible for medicaid prior to release	N/A	487.0	N/A	N/A	N/A

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of non-emergent utilization of all emergency department utilization that is categorized as non-emergent care	N/A	53%	45%	50%	45%
Explanatory	Number of medicaid managed care members being served by patient-centered medical homes	N/A	454,690.0	N/A	N/A	N/A
Output	Number of medicaid managed care members that have received treatment for hepatitis C in the reporting year	N/A	1,112.0	1,200.0	1,200.0	1,200.0
Output	Percent of provider payments included in value-based purchasing arrangements	N/A	0%	30%	50%	60%
Outcome	Percent of medicaid managed care members with a nursing facility level of care who are being served in a non-institutional setting	NEW	89%	83%	85%	85%

**INCOME SUPPORT**

The purpose of the income support program is to provide cash assistance and supportive services to eligible low-income families so they can achieve self-sufficiency. Eligibility requirements are established by state law within broad federal statutory guidelines.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	48,710.6	58,312.0	58,312.0	58,312.0	0.0
Other Transfers	628.4	0.0	0.0	0.0	0.0
Federal Revenues	1,954,401.3	1,028,540.7	1,255,858.5	1,264,358.5	22.9
Other Revenues	1,061.1	60.8	60.8	60.8	0.0
<b>TOTAL SOURCES</b>	<b>2,004,801.4</b>	<b>1,086,913.5</b>	<b>1,314,231.3</b>	<b>1,322,731.3</b>	<b>21.7</b>
<b>USES</b>					
Personal Services and Employee Benefits	53,709.7	70,856.6	72,856.6	72,856.6	2.8
Contractual Services	52,578.1	42,726.8	39,573.6	39,573.6	(7.4)
Other	1,930,157.0	973,330.1	1,201,801.1	1,210,301.1	24.3
<b>TOTAL USES</b>	<b>2,036,444.8</b>	<b>1,086,913.5</b>	<b>1,314,231.3</b>	<b>1,322,731.3</b>	<b>21.7</b>
<b>FTE</b>					
Permanent	1,125.0	1,124.0	1,124.0	1,124.0	0.0
Term	6.0	10.0	9.0	9.0	(10.0)
<b>TOTAL FTE</b>	<b>1,131.0</b>	<b>1,134.0</b>	<b>1,133.0</b>	<b>1,133.0</b>	<b>(0.1)</b>

**Recommended Language**

The federal funds appropriations to the income support program of the human services department include eleven million five hundred seven thousand seven hundred dollars (\$11,507,700) from the federal temporary assistance for needy families block grant for administration of the New Mexico Works Act.

The federal funds appropriations to the income support program of the human services department include ten million dollars (\$10,000,000) from the federal temporary assistance for needy families block grant for increasing the temporary assistance for needy families maximum benefit.

The appropriations to the income support program of the human services department include one million nine hundred seventy-two thousand two hundred dollars (\$1,972,200) from the general fund and fifty-seven million nine hundred fifty-two thousand two hundred dollars (\$57,952,200) from the

federal temporary assistance for needy families block grant to provide cash assistance grants to participants as defined in the New Mexico Works Act, including wage subsidies for participants, transitions, two clothing allowances per year, diversion payments and state-funded payments to aliens.

The federal funds appropriations to the income support program of the human services department include sixteen million six hundred forty-eight thousand three hundred dollars (\$16,648,300) from the federal temporary assistance for needy families block grant for job training and placement and job-related transportation services, employment-related costs and a transitional employment program. The funds for the transitional employment program and the wage subsidy program may be used interchangeably.

The federal funds appropriations to the income support program of the human services department include thirty-one million five hundred twenty-seven thousand five hundred dollars (\$31,527,500) from the federal temporary assistance for needy families block grant for transfer to the early childhood education and care department for childcare programs.

The federal funds appropriations to the income support program of the human services department include nine hundred thousand dollars (\$900,000) from the federal temporary assistance for needy families block grant for transfer to the children, youth and families department for a supportive housing project, eight million two hundred thirty-six thousand six hundred dollars (\$8,236,600) for adoption services, multilevel response system implementation as outlined in Section 32A-4-4.1 NMSA 1978, services for youth aging out of foster care, family support services, evidence-based prevention and intervention services, home services for children with behavioral health challenges preventing placement, kinship support, and recruitment and retention of foster families and seven million six hundred sixty-two thousand dollars (\$7,662,000) for well supported, supported or promising programming as included on the clearinghouse website for the federal Families First Prevention Services Act.

The federal funds appropriations to the income support program of the human services department include five hundred thousand dollars (\$500,000) from the federal temporary assistance for needy families block grant for transfer to the public education department for the graduation, reality and dual-role skills program to expand services and implement mentorship programs for teenage fathers.

The federal funds appropriations to the income support program of the human services department include two million dollars (\$2,000,000) from the federal temporary assistance for needy families block grant for transfer to the higher education department for adult basic education and one million dollars (\$1,000,000) for integrated education and training programs, including integrated basic education and skills training programs.

The appropriations to the income support program of the human services department include seven million two hundred twenty thousand dollars (\$7,220,000) from the general fund and one million four hundred thousand dollars (\$1,400,000) from federal funds for general assistance.

Any unexpended balances remaining at the end of fiscal year 2024 from the other state funds appropriations derived from reimbursements received from the social security administration for the general assistance program shall not revert.

#### PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Average supplemental nutrition assistance program benefit payment, per client	NEW	\$0.00	\$300.00	\$300.00	\$300.00
Outcome	Number of new students placed in education works program	N/A	N/A	N/A	N/A	N/A
Outcome	Number of supplemental nutrition assistance program and medicaid recertifications, including supplemental nutrition assistance program and medicaid benefits, that were approved ongoing and terminated during reporting period	NEW	0.0%	96.0%	96.0%	96.0%
Outcome	Percent of mandatory TANF adults with an active work participation agreement and are in compliance with the TANF work requirements	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of mandatory temporary assistance for needy families adults with an active work participation agreement and who are in compliance with the temporary assistance for needy families work requirements	0.0%	NEW	0.0%	75.0%	80.0%

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of mandatory temporary assistance for needy families adults with an active work participation agreement who are in compliance with the temporary assistance for needy families work requirements	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of SNAP recertifications processed in a timely manner	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of supplemental nutrition assistance program payment errors showing percent over issued during reporting period	NEW	0.00%	1.20%	1.20%	1.20%
Outcome	Percent of supplemental nutrition assistance program payment errors showing percent under issued during reporting period	NEW	0.00%	1.20%	1.20%	1.20%
Outcome	Percent of supplemental nutrition assistance program recertifications processed in a timely manner	0.0%	NEW	0.0%	96.0%	98.0%
Output	Number of homes heated and cooled in New Mexico via the low-income home energy assistance program	NEW	0.0	2,500.0	2,500.0	5,000.0
Output	Number of meals provided to New Mexican families via the supplemental nutrition assistance program	NEW	0.0	1,000,000.0	1,000,000.0	1,500,000.0
Output	Number of New Mexican families provided with necessities and shelter for the last full month via the temporary assistance for needy families program	NEW	0.0	5,000.0	5,000.0	8,000.0
* Outcome	Percent of all parent participants who meet temporary assistance for needy families federal work participation requirements	N/A	3%	50%	37%	53%
* Outcome	Percent of temporary assistance for needy families two-parent recipients meeting federal work participation requirements	N/A	3%	60%	52%	63%
Outcome	Percent of expedited (emergency) supplemental nutritional assistance program cases meeting federally required measure of timeliness within seven days	98%	92%	98%	98%	98%
Outcome	Percent of non-expedited (non-emergency) supplemental nutritional assistance program cases meeting the federally required measure of timeliness within thirty days	99%	96%	98%	98%	98%
Outcome	Percent of adult temporary assistance for needy families recipients who become newly employed during the report year	1%	4%	40%	40%	50%
Outcome	Percent of adult temporary assistance for needy families recipients who have become ineligible for cash assistance due to new work-related income	0%	1%	37%	37%	37%

**MEDICAID BEHAVIORAL HEALTH**

The purpose of the medicaid behavioral health program is to provide the necessary resources and information to enable low-income individuals to obtain either free or low-cost behavioral healthcare.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	159,657.0	143,787.0	163,691.0	170,312.9	18.4
Other Transfers	0.0	0.0	0.0	498.2	0.0
Federal Revenues	578,613.1	559,518.0	627,227.0	653,227.0	16.7
<b>TOTAL SOURCES</b>	<b>738,270.1</b>	<b>703,305.0</b>	<b>790,918.0</b>	<b>824,038.1</b>	<b>17.2</b>
<b>USES</b>					
Other	694,535.5	703,305.0	790,918.0	824,038.1	17.2
<b>TOTAL USES</b>	<b>694,535.5</b>	<b>703,305.0</b>	<b>790,918.0</b>	<b>824,038.1</b>	<b>17.2</b>

**Recommended Language**

The general fund appropriation to the medicaid behavioral health program of the human services department includes seven million one hundred twenty thousand one hundred dollars (\$7,120,100) for behavioral health provider rates increases up to one hundred twenty percent of medicare rates or equivalent levels based on the human services department's comprehensive rate review, excluding nonmedical costs, and fifty thousand dollars (\$50,000) to transfer to the administrative hearings office to support medicaid hearing officers.

The internal service funds/interagency transfers appropriations to the Medicaid behavioral health program of the human services department includes four hundred ninety-eight thousand two hundred dollars (\$498,200) from the early childhood education and care program fund to support provider rate increases for applied behavioral analysis rate increases.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Percent of readmissions to same level of care or higher for children or youth discharged from residential treatment centers and inpatient care	11%	10%	5%	5%	5%
* Output	Number of individuals served annually in substance use or mental health programs administered through the behavioral health collaborative and medicaid programs	200,932.0	212,486.0	200,000.0	200,000.0	215,000.0
Outcome	Percent of people with a diagnosis of alcohol or drug dependency who initiated treatment and received two or more additional services within thirty-four days of the initial visit	18%	19%	17%	17%	20%

**BEHAVIORAL HEALTH SERVICES**

The purpose of the behavioral health services program is to lead and oversee the provision of an integrated and comprehensive behavioral health prevention and treatment system so the program fosters recovery and supports the health and resilience of all New Mexicans.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	48,354.0	52,524.4	60,690.0	58,636.2	11.6
Other Transfers	316.0	0.0	0.0	0.0	0.0
Federal Revenues	30,409.3	29,922.9	29,106.7	29,106.7	(2.7)
Other Revenues	4.2	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>79,083.5</b>	<b>82,447.3</b>	<b>89,796.7</b>	<b>87,742.9</b>	<b>6.4</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,131.5	4,767.8	6,027.3	4,967.8	4.2
Contractual Services	71,942.2	76,111.9	81,048.5	80,094.9	5.2
Other	2,336.4	1,567.6	2,720.9	2,680.2	71.0
<b>TOTAL USES</b>	<b>77,410.1</b>	<b>82,447.3</b>	<b>89,796.7</b>	<b>87,742.9</b>	<b>6.4</b>
<b>FTE</b>					
Permanent	48.0	46.0	58.0	58.0	26.1
Term	6.0	7.0	7.0	7.0	0.0
<b>TOTAL FTE</b>	<b>54.0</b>	<b>53.0</b>	<b>65.0</b>	<b>65.0</b>	<b>22.6</b>

**Recommended Language**

The general fund appropriation to the behavioral health services program of the human services department in the contractual services category includes sufficient funding to maintain the reach, intervene, support and engage program and the alternative sentencing axis program used to treat substance use disorders in San Juan county.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Number of certified community behavioral health clinics enrolled within the medicaid program	\$0.0	\$0.0	N/A	N/A	N/A
Outcome	Percent of emergency department visits for members six years of age and older with a principal diagnosis of mental illness who had a follow-up visit for mental illness within thirty days of the emergency department visit	0.0%	0.0%	0.0%	54.0%	55.0%
Outcome	Percent of emergency department visits, for medicaid managed care members thirteen years of age and older, with a principal diagnosis of alcohol or other drug dependence, who had a follow-up visit for mental illness within seven days of emergency department visit	0.0%	0.0%	0.0%	54.0%	55.0%
Outcome	Percent of emergency department visits, for medicaid managed care members thirteen years of age and older, with a principal diagnosis of alcohol or other drug dependence, who had a follow-up visit for mental illness within seven days of emergency department visit	N/A	N/A	N/A	N/A	N/A
* Outcome	Percent of individuals discharged from inpatient facilities who receive follow-up services at thirty days	NEW	59%	60%	60%	65%
Outcome	Percent of increase in health homes clients over the prior year	4%	9%	5%	5%	8%

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Number of suicides of youth served by the behavioral health collaborative and medicaid programs	5.0	0.0	N/A	N/A	N/A
Quality	Percent of persons receiving behavioral health services who report satisfaction with those services	86%	86%	86%	86%	86%
* Outcome	Percent of adults diagnosed with major depression who remained on an antidepressant medication for at least one hundred eighty days	38%	38%	39%	39%	45%
Outcome	Number of persons served through telehealth in urban, rural and frontier counties for behavioral health	69.0	35,062.0	0.0	0.0	35,000.0
Outcome	Percent of emergency department visits, for medicaid managed care members thirteen years of age and older, with a principal diagnosis of alcohol or other drug dependence, who had a follow-up visit for mental illness within thirty days of emergency department visit	19.7%	0.0%	22.0%	54.0%	55.0%
Output	Percent of certified peer support workers providing services in at least two quarters of the measurement year	63%	76%	30%	30%	60%
Explanatory	Members with opioid abuse or dependence who initiated treatment within fourteen days of diagnosis	N/A	0.0	N/A	N/A	N/A
* Outcome	Percent of medicaid members released from inpatient psychiatric hospitalization stays of four or more days who receive seven-day follow-up visits into community-based behavioral health	57%	34%	52%	0%	55%
Explanatory	Members with alcohol abuse or dependence who initiated treatment within fourteen days of diagnosis	NEW	0.0	N/A	N/A	N/A
Explanatory	Members with opioid abuse or dependence who had two or more additional visits within thirty-four days	28.0	0.0	N/A	N/A	N/A
Outcome	Number of persons receiving telephone behavioral health services through medicaid and non-medicaid programs	NEW	62,439.0	15,000.0	15,000.0	60,000.0
Explanatory	Members with alcohol abuse or dependence who had two or more additional visits within 34 days	NEW	0.0	N/A	N/A	N/A

**PROGRAM SUPPORT**

The purpose of program support is to provide overall leadership, direction and administrative support to each agency program and to assist it in achieving its programmatic goals.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	17,740.9	21,628.0	22,068.1	21,978.0	1.6
Other Transfers	124.0	2,300.0	2,300.0	2,300.0	0.0
Federal Revenues	31,379.9	48,607.4	49,281.6	49,281.6	1.4
Other Revenues	1,220.0	1,211.4	1,211.4	1,211.4	0.0
Fund Balance	5.6	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>50,470.4</b>	<b>73,746.8</b>	<b>74,861.1</b>	<b>74,771.0</b>	<b>1.4</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	16,421.6	18,747.7	18,747.7	18,747.7	0.0
Contractual Services	24,538.2	40,269.3	40,996.7	40,906.6	1.6
Other	16,738.2	14,729.8	15,116.7	15,116.7	2.6
<b>TOTAL USES</b>	<b>57,698.0</b>	<b>73,746.8</b>	<b>74,861.1</b>	<b>74,771.0</b>	<b>1.4</b>
<b>FTE</b>					
Permanent	248.0	245.0	245.0	245.0	0.0
<b>TOTAL FTE</b>	<b>248.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of administrative cost to total claims collected by the Medicaid program integrity unit	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of automated eligibility decisions including real time eligibility, administrative renewal, auto denial/closure, and mass update	NEW	41%	30%	30%	30%
Outcome	Percent of employees who leave the human services department during the quarter as an annualized number	NEW	17%	15%	15%	12%
Outcome	Percent of human services department mentions in the media with positive and neutral sentiments compared to negative sentiments	NEW	81%	0%	81%	81%
Outcome	Percent of human services department positions that are filled as a portion of authorized full time equivalent positions and budgeted positions	NEW	82%	95%	95%	95%
Outcome	Average customer self-reported satisfaction with the human services department and its programs supplemental nutrition assistance program, temporary assistance for needy families, child support, medicaid and low-income home energy assistance program	NEW	3%	4%	3%	12%
Outcome	Average human services department staff self-reported score related to having the tools, training, and resources needed to telework effectively	NEW	4%	4%	4%	12%



## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Number of visits across human services department website, medicaid portal, yesNM portal, child support portal, human services department facebook page and human services department twitter account	NEW	1,102,633.0	638,550.0	638,550.0	1,000,000.0
Output	Percent of timely final decisions on administrative disqualification hearings (within ninety days of hearing being scheduled)	N/A	0.00%	100.00%	100.00%	100.00%
Explanatory	Percent of intentional violations in the supplemental nutrition assistance program investigated by the office of inspector general, completed and referred for an administrative disqualification hearing within ninety days from the date of the assignment	0%	0%	N/A	N/A	N/A
Outcome	Percent of administrative cost compared to total claims collected by the restitution services bureau	NEW	0%	15%	15%	10%
Outcome	Total medicaid program integrity recoveries collected for each dollar expended by the program	N/A	\$10	\$3	\$7	\$8

### Statutory Authority

The Workforce Solutions Department was created in 2007 by Sections 9-26-1 through 9-26-15 NMSA 1978 to establish a single, unified department to administer all laws and exercise all functions formerly administered and exercised by the Labor Department and the Office of Workforce Development. The department administers the Unemployment Compensation Act, Wagner-Peyser Act of 1993 as amended, Trade Adjustment Act of 1974, Unemployment Tax Act, Human Rights Act, and labor laws and regulations.

### Mission

The mission of the Workforce Solutions Department is to improve the quality, career mobility, and empowerment of the New Mexico workforce, enhance productivity and competitiveness of New Mexico industry, and increase the self-sufficiency of those entering and moving up in the workforce.

### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	9,385.4	10,482.1	14,408.8	10,849.0	3.5
Other Transfers	10,315.4	19,574.4	19,445.4	20,445.4	4.4
Federal Revenues	86,608.7	91,601.6	88,913.4	91,601.6	0.0
Other Revenues	1,839.8	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>108,149.3</b>	<b>121,658.1</b>	<b>122,767.6</b>	<b>122,896.0</b>	<b>1.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	40,035.4	45,814.9	46,043.4	46,181.8	0.8
Contractual Services	14,431.4	17,001.8	17,001.8	17,001.8	0.0
Other	49,745.9	58,841.4	59,722.4	59,712.4	1.5
<b>TOTAL USES</b>	<b>104,212.7</b>	<b>121,658.1</b>	<b>122,767.6</b>	<b>122,896.0</b>	<b>1.0</b>
<b>FTE</b>					
Permanent	596.0	547.0	549.0	547.0	0.0
Term	226.0	158.5	158.5	158.5	0.0
Temporary	72.0	38.0	38.0	38.0	0.0
<b>TOTAL FTE</b>	<b>894.0</b>	<b>743.5</b>	<b>745.5</b>	<b>743.5</b>	<b>0.0</b>

### At A Glance

Workforce Solutions' FY24 budget request was a \$3.9 million, or 37 percent, increase in general fund revenue. The request would replace \$1 million in Workers' Compensation Administration revenue with general fund revenue and replace an additional \$2.7 million in federal indirect cost allocation revenue with general fund revenue. The request also included an expansion of \$238.5 thousand for 2 FTE for Child Labor Law compliance, which issues youth work permits.

The committee supports continuing the transfer of \$1 million from the workers' compensation administration fund to the department. Because the department did not supply documentation indicating the federal indirect cost share for federal grants was too high, LFC did not support replacing federal indirect cost revenue with general fund revenue. The child labor law compliance expansion request was not supported because there are 14 of 31 vacant positions funded in the Labor Relations Program. Additionally, because of a low vacancy rate and no unfunded vacancies, LFC's recommendation increased personnel cost spending by \$366.9 thousand in the Workforce Technology Program.

### Budget Issues

The unemployment rate, or the rate of people surveyed who said they were not employed but still looking for work or waiting to be called back to work after a layoff, continued to fall and was 4.4 percent in September 2022. At the same time, the labor force participation rate, the percentage of working-age adults working or looking for work, continued a steady decline dating back to 2008 that was exacerbated by the pandemic. The state's national ranking in the labor force participation rate also decreased from about 42nd in 2008 to 47th in 2022.

For the department, these trends mean decreased administrative burden due to less demand for unemployment insurance benefits but a greater need to identify people leaving the labor force and provide case management and other services to get them working again. Bringing people into the labor

force also requires working with higher education institutions to establish educational and training pipelines, including apprenticeships and working with the economic development department to ensure the right jobs are created in the most beneficial areas with the greatest impact.

This is why the department received two appropriations totaling \$10 million for youth apprenticeships and adult and youth case management during the 2022 legislative session. As of October, the department committed \$2.5 million for the “Be Pro Be Proud” initiative to get youth interested in industries such as nursing, welding, and machining and will commit other unspecified amounts to upgrade technology for improved case management.

Despite existing funding, the department requested a \$2.1 million 2023 special appropriation to help state agencies recruit and retain employees by expanding and implementing apprenticeship and pre-apprenticeship models developed by the U.S. Department of Labor. The department counsels private employers that connecting with younger workers is the key to recruitment and retention, and the department would apply that logic to increase the state’s ability to hire, train, and retain state employees.

In response to questions posed following the Workforce Solutions Department’s July 2022 LFC LegisStat hearing, the department offered few options to substantially affect participation in the state’s labor force directly. The department cited efforts other state agencies are engaged in but did not discuss its own efforts. Solutions offered by the department work around the edges and may not substantially affect participation rates at a level needed to make New Mexico more competitive nationally. For example, the department mentioned it is in year two of administering the Temporary Assistance for Needy Families return to work program, but there are only about 50 participants. The department also discussed a “no wrong door” initiative so that career transition specialists stay with unemployment insurance (UI) recipients starting with the UI process and through the job search process. However, with close to 100 thousand more workers needed in New Mexico to be nationally competitive, the department’s efforts may not substantially change the state’s labor force participation trajectory.

**Accountability.** The department’s FY21 financial audit included a total of nine findings, including one for not turning in audited financial statements by the November 1 deadline. The audit was late primarily because the department was not reconciling its accounts on a regular basis during the year and because of a significant amount of turnover among financial staff throughout the year. Another finding on the unemployment trust fund stated the trust fund bank account reconciliation was not completed until March 2022 when it should have been completed not long after the close of the fiscal year. Tax receivables were recorded twice at the close of the prior fiscal year resulting in a \$28.2 million entry to fix the issue. Several other issues of a similar magnitude were also noted.

The department did not meet the target for several of the most important performance measures, such as those for improving the state’s labor force participation rate, including bringing veterans and disabled veterans back into the workforce. Also, unemployed individuals receiving services in a Connections office retaining employment after six months was 54 percent compared with the target of 75 percent. The number of those receiving services in a Connections office was only 60 thousand while the target is 100 thousand.

BASE EXPANSION LISTING  
FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Child Labor Law	P776	238.5	0.0
TOTAL			238.5	0.0

UNEMPLOYMENT INSURANCE DIVISION

The purpose of the unemployment insurance program is to administer an array of demand-driven workforce development services to prepare New Mexicans to meet the needs of business.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,183.4	1,139.5	1,139.5	1,139.5	0.0
Other Transfers	849.5	818.2	818.2	818.2	0.0
Federal Revenues	17,240.4	14,219.5	14,219.5	14,219.5	0.0
<b>TOTAL SOURCES</b>	<b>19,273.3</b>	<b>16,177.2</b>	<b>16,177.2</b>	<b>16,177.2</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	13,598.1	12,876.4	12,876.4	12,876.4	0.0
Contractual Services	1,971.9	1,255.0	1,255.0	1,255.0	0.0
Other	2,589.4	2,045.8	2,045.8	2,045.8	0.0
<b>TOTAL USES</b>	<b>18,159.4</b>	<b>16,177.2</b>	<b>16,177.2</b>	<b>16,177.2</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	167.0	132.0	132.0	132.0	0.0
Term	52.0	32.0	32.0	32.0	0.0
Temporary	13.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>232.0</b>	<b>164.0</b>	<b>164.0</b>	<b>164.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Output	Percent of eligible unemployment insurance claims issued a determination within twenty-one days from the date of claim	56%	35%	80%	80%	80%
Output	Percent of all first payments made within 14 days after the waiting week	60.20%	52.20%	87.00%	87.00%	87.00%
Output	Percent accuracy rate of claimant separation determinations	53.30%	64.90%	75.00%	75.00%	75.00%
* Output	Average wait time to speak to a customer service agent in the unemployment insurance operation center to file a new unemployment insurance claim, in minutes	18:7	7:2	18:0	18:0	7:0
* Output	Average wait time to speak to a customer service agent in the unemployment insurance operation center to file a weekly certification, in minutes	16:6	9:3	15:0	15:0	8:0

**LABOR RELATIONS DIVISION**

The purpose of the labor relations program is to provide employment rights information and other work-site-based assistance to employers and employees.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	2,031.4	3,189.4	3,427.9	3,189.4	0.0
Other Transfers	505.5	399.5	399.5	399.5	0.0
Federal Revenues	354.1	488.2	488.2	488.2	0.0
Other Revenues	1,752.1	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>4,643.1</b>	<b>4,077.1</b>	<b>4,315.6</b>	<b>4,077.1</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	2,093.0	3,479.9	3,708.4	3,479.9	0.0
Contractual Services	38.3	144.8	144.8	144.8	0.0
Other	347.7	452.4	462.4	452.4	0.0
<b>TOTAL USES</b>	<b>2,479.0</b>	<b>4,077.1</b>	<b>4,315.6</b>	<b>4,077.1</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	39.0	41.5	43.5	41.5	0.0
Term	4.0	4.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>43.0</b>	<b>45.5</b>	<b>47.5</b>	<b>45.5</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Efficiency	Average number of days for the wage and hour bureau to investigate a claim and issue a determination	0.0	NEW	0.0	200.0	150.0
Efficiency	Percent of discrimination claims investigated and issued a determination by the human rights bureau within one year.	0%	NEW	0%	75%	80%
Efficiency	Percent of total public works projects inspected, and public work payrolls audited within one year.	0%	NEW	0%	75%	80%
Efficiency	Percent of wage and hour violation claims investigated and issued a determination by the wage and hour bureau within two hundred days.	0%	NEW	0%	85%	100%
Outcome	Percent of investigated wage claims that are issued an administrative determination within ninety days	14.00%	50.00%	35.00%	Discontinued	Discontinued
Output	Average number of days for the human rights bureau to investigate a claim and issue a determination	NEW	NEW	230.0	365.0	230.0
Outcome	Percentage of legacy claims that are issued an administrative determination	62.00%	100.00%	999,999.50%	Discontinued	Discontinued
Output	Percent of total public works projects inspected	12.00%	76.50%	45.00%	Discontinued	Discontinued
* Output	Percent of discrimination claims investigated and issued a determination within two hundred days	27%	28%	60%	Discontinued	Discontinued

**WORKFORCE TECHNOLOGY DIVISION**

The purpose of the workforce technology program is to provide and maintain customer-focused, effective and innovative information technology services for the department and its service providers.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	5,361.8	5,361.8	6,629.4	5,728.7	6.8
Other Transfers	547.3	2,384.4	2,384.4	2,384.4	0.0
Federal Revenues	17,489.5	18,994.5	17,726.9	18,994.5	0.0
<b>TOTAL SOURCES</b>	<b>23,398.6</b>	<b>26,740.7</b>	<b>26,740.7</b>	<b>27,107.6</b>	<b>1.4</b>
<b>USES</b>					
Personal Services and Employee Benefits	4,469.0	4,916.2	4,916.2	5,283.1	7.5
Contractual Services	9,683.5	12,665.0	12,665.0	12,665.0	0.0
Other	8,587.7	9,159.5	9,159.5	9,159.5	0.0
<b>TOTAL USES</b>	<b>22,740.2</b>	<b>26,740.7</b>	<b>26,740.7</b>	<b>27,107.6</b>	<b>1.4</b>
<b>FTE</b>					
Permanent	42.0	42.0	42.0	42.0	0.0
Term	14.0	8.0	8.0	8.0	0.0
Temporary	1.0	3.0	3.0	3.0	0.0
<b>TOTAL FTE</b>	<b>57.0</b>	<b>53.0</b>	<b>53.0</b>	<b>53.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Percent of time the unemployment framework for automated claims and tax services are available during scheduled uptime	99%	99%	99%	99%	99%
Outcome	Response time from system outage to restoration of service on unemployment framework for automated claims and tax services in minutes	23:2	4:4	20:0	20:0	4:0

**EMPLOYMENT SERVICES DIVISION**

The purpose of the employment services program is to provide standardized business solution strategies and labor market information through the New Mexico public workforce system that is responsive to the needs of New Mexico businesses.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	673.4	522.9	1,522.9	522.9	0.0
Other Transfers	8,362.4	14,695.4	14,566.4	15,566.4	5.9
Federal Revenues	13,694.1	15,621.4	15,621.4	15,621.4	0.0
Other Revenues	80.2	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>22,810.1</b>	<b>30,839.7</b>	<b>31,710.7</b>	<b>31,710.7</b>	<b>2.8</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	12,820.5	15,702.8	15,702.8	15,702.8	0.0
Contractual Services	1,477.8	1,757.4	1,757.4	1,757.4	0.0
Other	8,511.7	13,379.5	14,250.5	14,250.5	6.5
<b>TOTAL USES</b>	<b>22,810.0</b>	<b>30,839.7</b>	<b>31,710.7</b>	<b>31,710.7</b>	<b>2.8</b>
<b>FTE</b>					
Permanent	257.0	227.5	227.5	227.5	0.0
Term	151.0	108.5	108.5	108.5	0.0
Temporary	52.0	32.0	32.0	32.0	0.0
<b>TOTAL FTE</b>	<b>460.0</b>	<b>368.0</b>	<b>368.0</b>	<b>368.0</b>	<b>0.0</b>

**Recommended Language**

The internal service funds/interagency transfers appropriations to the employment services program of the workforce solutions department include one million dollars (\$1,000,000) from the workers' compensation administration fund of the workers' compensation administration.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of recently separated veterans entering employment	46.70%	47.50%	60.00%	60.00%	60.00%
Outcome	Percent of unemployed disabled veterans entering employment after receiving workforce development services in a Connections Office	47.40%	46.00%	60.00%	60.00%	60.00%
Output	Total number of individuals receiving employment services in a connections office	107,366.0	60,116.0	100,000.0	100,000.0	100,000.0
* Outcome	Percent of unemployed individuals employed after receiving employment services in a connections office	57%	51%	60%	60%	60%
Outcome	Percent of unemployed individuals that have received employment services in a connections office retaining employment after six months	56.90%	54.30%	60.00%	60.00%	60.00%
* Outcome	Average six-month earnings of individuals entering employment after receiving employment services in a connections office	\$13,594	\$15,076	\$1,000,000	\$12,750	\$16,000
Outcome	Percent of recently separated veterans retaining employment after six months	45.40%	46.80%	60.00%	60.00%	60.00%
Outcome	Average six-month earnings of unemployed veterans entering employment after receiving veterans' services in a connections office	\$14,193	\$18,801	\$17,000	\$17,000	\$20,000
Outcome	Average change in six-month earnings of working individuals after receiving employment services in a connections office	TBD	\$2,032	\$800	\$800	\$2,500
* Output	Percent of audited apprenticeship programs deemed compliant	67%	50%	75%	75%	70%
Output	Total number of individuals accessing the agency's online job seeker portal	73,459.0	106,659.0	125,000.0	125,000.0	125,000.0
Output	Number of apprentices registered and in training	1,837.0	1,883.0	1,800.0	1,800.0	2,000.0

**PROGRAM SUPPORT**

The purpose of program support is to provide overall leadership, direction and administrative support to each agency program to achieve organizational goals and objectives.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	135.4	268.5	1,689.1	268.5	0.0
Other Transfers	50.7	1,276.9	1,276.9	1,276.9	0.0
Federal Revenues	37,830.6	42,278.0	40,857.4	42,278.0	0.0
Other Revenues	7.4	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>38,024.1</b>	<b>43,823.4</b>	<b>43,823.4</b>	<b>43,823.4</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	7,054.8	8,839.6	8,839.6	8,839.6	0.0
Contractual Services	1,259.9	1,179.6	1,179.6	1,179.6	0.0
Other	29,709.4	33,804.2	33,804.2	33,804.2	0.0
<b>TOTAL USES</b>	<b>38,024.1</b>	<b>43,823.4</b>	<b>43,823.4</b>	<b>43,823.4</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	91.0	104.0	104.0	104.0	0.0
Term	5.0	6.0	6.0	6.0	0.0
Temporary	6.0	3.0	3.0	3.0	0.0
<b>TOTAL FTE</b>	<b>102.0</b>	<b>113.0</b>	<b>113.0</b>	<b>113.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Number of adult and dislocated workers receiving supplemental services of the Workforce Innovation and Opportunity Act as administered and directed by the local area workforce board	NEW	0.0	2,863.0	2,863.0	2,863.0
Outcome	Percentage of title I youth program participants who are in education or training activities, or in unsubsidized employment, during the second quarter after exit from a Workforce Innovation and Opportunity Act (WIOA) program.	NEW	70.30%	62.00%	62.00%	75.00%
Outcome	Percent of reemployment services and eligibility assessment (RESEA) program participants exhausting unemployment insurance benefits	NEW	57.75%	47.00%	47.00%	40.00%
Outcome	Percent of youth who are employed in the state	57.40%	70.80%	59.00%	59.00%	75.00%
Outcome	Percent of reemployment services and eligibility assessment (RESEA) program participants reemployed	NEW	35.30%	54.00%	54.00%	54.00%
Outcome	Number of enrolled participants in title I Workforce Innovation and Opportunity Act (WIOA) training programs.	NEW	6,125.0	6,800.0	6,800.0	6,800.0
Outcome	Percentage of participants who are in unsubsidized employment during the fourth quarter after exit from a Workforce Innovation and Opportunity Act (WIOA) program	NEW	76.00%	75.00%	75.00%	80.00%



## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percentage of title I youth program participants who are in education or training activities, or in unsubsidized employment, during the fourth quarter after exit from a Workforce Innovation and Opportunity Act (WIOA) program.	NEW	70.00%	65.00%	65.00%	80.00%
Outcome	Percentage of participants who are in unsubsidized employment during the second quarter after exit from a Workforce Innovation and Opportunity Act (WIOA) program	NEW	73.80%	77.00%	76.00%	80.00%
Outcome	Median earnings of participants who are in unsubsidized employment during the second quarter after exit from a Workforce Innovation and Opportunity Act (WIOA) program	NEW	\$8,341	\$7,467	\$7,900	\$10,000
Outcome	Percentage of those participants enrolled in an education or training program (excluding those in on-the-job training (OJT) and customized training) who attain a recognized postsecondary credential or a secondary school diploma, or its recognized equivalent, during participation in or within one year after exit from a Workforce Innovation and Opportunity Act (WIOA) program	NEW	69.00%	59.00%	61.00%	75.00%
Output	Number of youth receiving services and registered in the online career solutions tool	2,862.0	1,453.0	3,000.0	3,000.0	3,000.0

**SPECIAL REVENUE**BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Fund Balance	0.0	5,169.3	0.0	0.0	(100.0)
<b>TOTAL SOURCES</b>	<b>0.0</b>	<b>5,169.3</b>	<b>0.0</b>	<b>0.0</b>	<b>(100.0)</b>
<b>USES</b>					
Other Financing Uses	1,972.1	5,169.3	0.0	0.0	(100.0)
<b>TOTAL USES</b>	<b>1,972.1</b>	<b>5,169.3</b>	<b>0.0</b>	<b>0.0</b>	<b>(100.0)</b>

**Statutory Authority**

The Workers' Compensation Administration (WCA) administers the Worker's Compensation Act (Sections 52-1-1 through 52-1-70 and Sections 52-5-1 through 52-5-22 NMSA 1978), Occupational Disease Disablement Act (Sections 52-3-1 through 52-3-60 NMSA 1978), and Health Care Provider Act (52-4-1 through 52-4-5 NMSA 1978). WCA is responsible for monitoring the insurance industry to ensure compliance with accepted performance standards, mediating and adjudicating contested workers' compensation claims, and regulating workers' compensation self-insurance activity.

**Mission**

The mission of the Worker's Compensation Administration (WCA) is to ensure the quick and efficient delivery of medical benefits and services to injured and disabled workers at a reasonable cost to employers. WCA provides services at its state headquarters in Albuquerque and its regional offices in Farmington, Las Cruces, Las Vegas, Lovington, Santa Fe, and Roswell.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	85.1	0.0	0.0	0.0	0.0
Other Revenues	11,428.6	13,130.9	12,771.7	13,090.9	(0.3)
<b>TOTAL SOURCES</b>	<b>11,513.7</b>	<b>13,130.9</b>	<b>12,771.7</b>	<b>13,090.9</b>	<b>(0.3)</b>
<b>USES</b>					
Personal Services and Employee Benefits	8,140.1	9,817.6	10,458.4	9,817.6	0.0
Contractual Services	299.4	385.0	385.0	345.0	(10.4)
Other	1,980.3	1,928.3	1,928.3	1,928.3	0.0
Other Financing Uses	1,000.0	1,000.0	0.0	1,000.0	0.0
<b>TOTAL USES</b>	<b>11,419.8</b>	<b>13,130.9</b>	<b>12,771.7</b>	<b>13,090.9</b>	<b>(0.3)</b>
<b>FTE</b>					
Permanent	124.0	122.0	122.0	122.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>125.0</b>	<b>122.0</b>	<b>122.0</b>	<b>122.0</b>	<b>0.0</b>

**At A Glance**

The Workers' Compensation Administration FY24 budget request eliminated the annual transfer of \$1 million to the Workforce Solutions Department (WSD), contributing to a total requested budget decrease of 2.7 percent. However, the administration's request increased personnel cost spending by 6.5 percent above the FY23 operating budget to implement recent statewide salary adjustments.

Because the recent salary adjustments were already built into the FY23 operating budget and because FY22 personnel cost expenditures were \$1.6 million less than the FY23 operating budget, LFC does not recommend increasing allocations for personnel costs. LFC's recommendation maintains the \$1 million transfer to WSD. LFC also recommends less growth in contractual spending than was requested.

**Budget Issues**

The base assessment for workers' compensation has not increased since it was first established in 1993 through Section 52-5-19 NMSA 1978. Revenue from the \$4.30 per employee per quarter assessment is used to operate the Workers' Compensation Administration (WCA) and consists of a \$2.30 employer contribution matched with a \$2 employee payroll deduction. Four dollars per employee is deposited into the WCA fund and 30 cents is earmarked for the uninsured employer's fund (UEF) to pay claims filed against employers noncompliant with the workers' compensation insurance law. The Taxation and Revenue Department collects the fees.

Fiscal Year 22 balances in WCA and UEF were \$5.6 million and \$6.3 million, respectively, up 14 percent in total from a year earlier. Revenue to the WCA and UEF was \$12.8 million in FY22, a \$300 thousand increase over FY21. Revenue to the funds exceeded total expenditures, including the transfer to the Workforce Solutions Department, by close to \$1 million.

The agency's request to increase personnel cost spending by 6.5 percent would fill an additional 7 FTE above the close to 6 vacant FTE already funded in the agency's base. The Workers' Compensation Administration met or exceeded almost all performance targets in FY22. The committee does not see a need to increase spending on personnel costs.

The agency request to eliminate the annual transfer of \$1 million from the workers' compensation administration fund to the Workforce Solutions Department is not supported and the committee recommends continuing the transfer in FY24. With \$5.6 million in fund balances in the WCA fund and the likelihood assessment fee revenue will continue to increase as the unemployment rate decreases, WCA fund balances are sufficient to support the transfer.

The administration should consider whether the six field offices are still needed. While field staff are working on cases and completely back in the office post-pandemic, the public rarely visits the regional offices. In August 2022, a total of 98 members of the public signed in at field offices. Las Cruces and Las Vegas each had seven visitors for the month. Much of the regional work of WCA could likely be completed from a field worker's home, with safety inspectors or compliance officers continuing to conduct field visits as always. WCA recently started holding in-person workers' compensation trials and hearings in July 2022 and only two trials took place in the month of August 2022.

The agency's FY21 annual financial audit resolved three findings, added a new finding, and repeated one finding. The repeated finding was for untimely cash balances that did not meet the 24-hour deposit deadline and the new finding was for the purchase of premium gasoline on a state-issued gas credit card.

### **WORKERS' COMPENSATION ADMINISTRATION**

The purpose of the workers' compensation administration program is to assure the quick and efficient delivery of indemnity and medical benefits to injured and disabled workers at a reasonable cost to employers.

#### **BUDGET SUMMARY (dollars in thousands)**

	<b>FY22 2021-2022</b>	<b>FY23 2022-2023</b>	<b>FY24 2023-2024</b>		
	<b>Actuals</b>	<b>Budgeted</b>	<b>Agency Request</b>	<b>LFC Recommendation</b>	<b>Percent Inc (Decr)</b>
<b>SOURCES</b>					
Other Transfers	85.1	0.0	0.0	0.0	0.0
Other Revenues	10,485.1	12,177.7	11,818.5	12,137.7	(0.3)
<b>TOTAL SOURCES</b>	<b>10,570.2</b>	<b>12,177.7</b>	<b>11,818.5</b>	<b>12,137.7</b>	<b>(0.3)</b>
<b>USES</b>					
Personal Services and Employee Benefits	7,864.1	9,434.4	10,075.2	9,434.4	0.0
Contractual Services	268.8	315.0	315.0	275.0	(12.7)
Other	1,436.1	1,428.3	1,428.3	1,428.3	0.0
Other Financing Uses	1,000.0	1,000.0	0.0	1,000.0	0.0
<b>TOTAL USES</b>	<b>10,569.0</b>	<b>12,177.7</b>	<b>11,818.5</b>	<b>12,137.7</b>	<b>(0.3)</b>
<b>FTE</b>					
Permanent	121.0	118.0	118.0	118.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>122.0</b>	<b>118.0</b>	<b>118.0</b>	<b>118.0</b>	<b>0.0</b>

### **Recommended Language**

The other state funds appropriation to the workers' compensation administration program of the workers' compensation administration in the other financing uses category includes one million dollars (\$1,000,000) from the workers' compensation administration fund for the employment services program of the workforce solutions department.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of formal claims resolved without trial	97.10%	96.40%	96.00%	96.00%	98.00%
* Outcome	Rate of serious injuries and illnesses caused by workplace conditions per one hundred workers	\$0.6	0.5	0.6	0.6	0.4
* Outcome	Percent of employers determined to be in compliance with insurance requirements of the Workers' Compensation Act after initial investigations	98%	98%	97%	97%	98%
Outcome	Percent of employers in the risk reduction program who pass the follow up inspections	0.00%	0.00%	95.00%	95.00%	97.00%
Outcome	Percent of formal complaints and applications resolved within six months of filing	81.80%	82.40%	79.00%	79.00%	85.00%

**UNINSURED EMPLOYERS' FUND**BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	943.4	953.2	953.2	953.2	0.0
<b>TOTAL SOURCES</b>	<b>943.4</b>	<b>953.2</b>	<b>953.2</b>	<b>953.2</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	276.1	383.2	383.2	383.2	0.0
Contractual Services	30.6	70.0	70.0	70.0	0.0
Other	544.2	500.0	500.0	500.0	0.0
<b>TOTAL USES</b>	<b>850.9</b>	<b>953.2</b>	<b>953.2</b>	<b>953.2</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	3.0	4.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>3.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>0.0</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of indemnity payments for eligible and compensable claims initiated within 120 days of filing of formal litigation complaint	NEW	33.00%	70.00%	70.00%	70.00%
Output	Percent of reimbursements collected to claims expenses paid out on a fiscal year basis	22.60%	10.00%	33.00%	33.00%	33.00%

**Statutory Authority**

The Division of Vocational Rehabilitation (DVR), a division within the Public Education Department, is governed by the statutory guidelines outlined in Sections 22-14-1 to 22-14-30 NMSA 1978. The statute requires DVR to provide guidance, counseling, and vocational education to disabled individuals, training for vocational education instructors, training material and equipment, and transportation.

**Mission**

The mission of DVR is to encourage and assist the efforts of New Mexicans with disabilities to reach their goals for working and living in their communities.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	6,467.7	6,467.7	6,608.2	6,608.2	2.2
Other Transfers	198.6	198.6	198.6	198.6	0.0
Federal Revenues	44,167.0	45,704.4	46,223.7	46,223.7	1.1
<b>TOTAL SOURCES</b>	<b>50,833.3</b>	<b>52,370.7</b>	<b>53,030.5</b>	<b>53,030.5</b>	<b>1.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	20,217.5	24,111.7	24,111.7	24,111.7	0.0
Contractual Services	4,362.9	7,644.4	7,773.7	7,773.7	1.7
Other	15,458.0	20,353.6	20,884.1	20,884.1	2.6
Other Financing Uses	261.0	261.0	261.0	261.0	0.0
<b>TOTAL USES</b>	<b>40,299.4</b>	<b>52,370.7</b>	<b>53,030.5</b>	<b>53,030.5</b>	<b>1.3</b>
<b>FTE</b>					
Permanent	125.0	59.0	59.0	59.0	0.0
Term	212.0	295.0	295.0	295.0	0.0
<b>TOTAL FTE</b>	<b>337.0</b>	<b>354.0</b>	<b>354.0</b>	<b>354.0</b>	<b>0.0</b>

**At A Glance**

The Division of Vocational Rehabilitation (DVR) requested \$6.6 million from the general fund, a 2.2 percent increase over FY23, and requested a 1.1 percent increase in federal revenue. The agency's overall request maintained FY23 funding levels for personnel and included a 1.7 percent increase in contractual services and a 2.6 percent increase in other operating costs.

The FY24 LFC recommendation supports the agency at the funding levels requested. The recommendation provides sufficient general fund revenue for the agency's "maintenance-of-effort" necessary to match certain federal funds and to draw down federal funds for pre-employment training services (pre-ETS) for high school students with disabilities. The LFC recommendation also includes revenue transfers from the Commission for Deaf and Hard-of-Hearing Persons and Commission for the Blind to leverage federal funds and provide services to their constituents.

**Budget Issues**

The Division of Vocational Rehabilitation reported it provided rehabilitative services to 7,870 New Mexicans and had 324 people on the waiting list for services. The agency is primarily funded through federal revenues leveraged with a 10 percent state match for supported employment and independent living grants and a 21.3 percent state match for the rehabilitation services grant.

For FY24, the agency requested \$53 million, including the transfer of funds from the Commission for Deaf and Hard-of-Hearing Persons at \$91.5 thousand and the transfer from the Commission for the Blind at \$100 thousand. The LFC recommendation continues these transfers to leverage federal revenues to provide vocational rehabilitation services to visually impaired and deaf and hard-of-hearing people.

The general fund recommendation of \$6.6 million is an increase of \$140.5 thousand over FY23 operating levels. The recommendation fully funds DVR's request. The agency struggles to fill vacancies but has brought down its funded vacancy rate from 20 percent in 2021 to 8.5 percent as of Sep-

tember 2022. The agency reports near 26 vacant funded FTE. The agency is moving 31 positions and the associated \$2.2 million in funding from the Administrative Services Program to the Rehabilitation Services Program at the direction of the U.S. Department of Education.

**Program Funding.** The LFC recommends the requested 10.2 percent increase over FY23 for the Rehabilitation Services Program and recommends a general fund increase of \$2.2 million to fund the FTE shifted from the Administrative Services Program. The U.S. Department of Education advised the agency that several FTE in the administrative services unit worked directly on rehabilitation services and could be moved to that program, where the agency would receive enhanced federal support for the positions. The general fund revenue, along with the \$91.5 thousand transfer from the Commission for Deaf and Hard-of-Hearing Persons and \$100 thousand from the Commission for the Blind, qualify as state matching funds to leverage federal funds and to meet maintenance-of-effort requirements.

The Independent Living Services Program contracts with providers throughout the state to provide community-based independent living services and supports to people with disabilities. The committee recommends the requested \$642.2 thousand in general fund support.

The Disability Determination Program is entirely federally funded through the Social Security Administration. The program adjudicates eligibility for supplemental security income and social security disability insurance for applicants in New Mexico. Currently, over 130 thousand New Mexicans are receiving over \$1 billion in annual disability benefits. The LFC recommendation supports the requested \$17.5 million in federal funds. The program continues to struggle with disability adjudicator attrition and turnover and has over 50 vacant positions.

### **ADMINISTRATIVE SERVICES**

The purpose of the administration services program is to provide leadership, policy development, financial analysis, budgetary control, information technology services, administrative support and legal services to the division of vocational rehabilitation. The administration services program function is to ensure the division of vocational rehabilitation achieves a high level of accountability and excellence in services provided to the people of New Mexico.

#### **BUDGET SUMMARY** (dollars in thousands)

	<b>FY22</b> <b>2021-2022</b>	<b>FY23</b> <b>2022-2023</b>	<b>FY24</b> <b>2023-2024</b>		
	<b>Actuals</b>	<b>Budgeted</b>	<b>Agency Request</b>	<b>LFC Recommendation</b>	<b>Percent Inc (Decr)</b>
<b>SOURCES</b>					
Federal Revenues	5,002.2	5,232.4	3,032.4	3,032.4	(42.0)
<b>TOTAL SOURCES</b>	<b>5,002.2</b>	<b>5,232.4</b>	<b>3,032.4</b>	<b>3,032.4</b>	<b>(42.0)</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,866.2	3,966.6	1,766.6	1,766.6	(55.5)
Contractual Services	105.7	235.9	235.9	235.9	0.0
Other	703.6	1,029.9	1,029.9	1,029.9	0.0
<b>TOTAL USES</b>	<b>4,675.5</b>	<b>5,232.4</b>	<b>3,032.4</b>	<b>3,032.4</b>	<b>(42.0)</b>
<b>FTE</b>					
Permanent	6.0	2.0	1.0	1.0	(50.0)
Term	41.0	51.0	21.0	21.0	(58.8)
<b>TOTAL FTE</b>	<b>47.0</b>	<b>53.0</b>	<b>22.0</b>	<b>22.0</b>	<b>(58.5)</b>

### **Recommended Language**

Any unexpended balances in the division of vocational rehabilitation remaining at the end of fiscal year 2024 from appropriations made from the general fund shall not revert and may be expended in fiscal year 2025.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury	7.0	5.0	7.0	7.0	5.0
Outcome	Number of working days between disbursements of federal funds from federal treasury to deposit of such funds into state treasury	1.0	1.0	1.0	1.0	1.0

**REHABILITATION SERVICES PROGRAM**

The purpose of the rehabilitation services program is to promote opportunities for people with disabilities to become more independent and productive by empowering individuals with disabilities so they may maximize their employment, economic self-sufficiency, independence and inclusion and integration into society.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	5,825.5	5,825.5	5,966.0	5,966.0	2.4
Other Transfers	191.5	191.5	191.5	191.5	0.0
Federal Revenues	21,389.1	22,066.6	24,785.9	24,785.9	12.3
<b>TOTAL SOURCES</b>	<b>27,406.1</b>	<b>28,083.6</b>	<b>30,943.4</b>	<b>30,943.4</b>	<b>10.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	9,445.2	11,680.2	13,880.2	13,880.2	18.8
Contractual Services	1,965.1	3,300.0	3,389.3	3,389.3	2.7
Other	9,250.3	12,903.4	13,473.9	13,473.9	4.4
Other Financing Uses	200.0	200.0	200.0	200.0	0.0
<b>TOTAL USES</b>	<b>20,860.6</b>	<b>28,083.6</b>	<b>30,943.4</b>	<b>30,943.4</b>	<b>10.2</b>
<b>FTE</b>					
Permanent	62.0	40.0	41.0	41.0	2.5
Term	100.0	116.0	146.0	146.0	25.9
<b>TOTAL FTE</b>	<b>162.0</b>	<b>156.0</b>	<b>187.0</b>	<b>187.0</b>	<b>19.9</b>

**Recommended Language**

The general fund appropriation to the rehabilitation services program of the division of vocational rehabilitation in the other category includes five hundred thousand dollars (\$500,000) to provide adult vocational rehabilitation services.

The internal service funds/interagency transfers appropriation to the rehabilitation services program of the division of vocational rehabilitation in the other category includes one hundred thousand dollars (\$100,000) from the commission for the blind to match with federal funds to provide rehabilitation services to blind or visually impaired New Mexicans.

The internal service funds/interagency transfers appropriation to the rehabilitation services program of the division of vocational rehabilitation in the other category includes ninety-one thousand five hundred dollars (\$91,500) to match with federal funds to support and enhance deaf and hard-of-hearing rehabilitation services.

The federal funds appropriation to the rehabilitation services program of the division of vocational rehabilitation in the other financing uses category includes two hundred thousand dollars (\$200,000) for the independent living program of the commission for the blind to provide services to blind or visually impaired New Mexicans.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Number of clients achieving suitable employment for a minimum of ninety days	830.0	437.0	750.0	700.0	700.0
* Outcome	Percent of clients achieving suitable employment outcomes of all cases closed after receiving planned services	45%	18%	45%	45%	45%
Outcome	Percent of clients achieving suitable employment outcomes competitively employed or self-employed	98.00%	100.00%	99.00%	98.00%	99.00%
Outcome	Percent of clients with significant disabilities achieving suitable employment outcomes who are competitively employed or self-employed, earning at least minimum wage	98.00%	100.00%	98.00%	98.00%	99.00%

**INDEPENDENT LIVING SERVICES**

The purpose of the independent living services program is to increase access for individuals with disabilities to technologies and services needed for various applications in learning, working and home management.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	642.2	642.2	642.2	642.2	0.0
Other Transfers	7.1	7.1	7.1	7.1	0.0
Federal Revenues	892.7	892.7	892.7	892.7	0.0
<b>TOTAL SOURCES</b>	<b>1,542.0</b>	<b>1,542.0</b>	<b>1,542.0</b>	<b>1,542.0</b>	<b>0.0</b>
<b>USES</b>					
Contractual Services	35.2	51.5	51.5	51.5	0.0
Other	1,452.2	1,429.5	1,429.5	1,429.5	0.0
Other Financing Uses	61.0	61.0	61.0	61.0	0.0
<b>TOTAL USES</b>	<b>1,548.4</b>	<b>1,542.0</b>	<b>1,542.0</b>	<b>1,542.0</b>	<b>0.0</b>

**Recommended Language**

The internal service funds/interagency transfers appropriation to the independent living services program of the division of vocational rehabilitation in the other category includes seven thousand one hundred dollars (\$7,100) from the commission for the blind to match with federal funds to provide independent living services to blind or visually impaired New Mexicans.

The federal funds appropriation to the independent living services program of the division of vocational rehabilitation in the other financing uses category includes sixty-one thousand dollars (\$61,000) for the independent living program of the commission for the blind to provide services to blind or visually impaired New Mexicans.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Output	Number of independent living plans developed	660.0	660.0	750.0	750.0	750.0
* Output	Number of individuals served for independent living	700.0	700.0	765.0	765.0	765.0



**DISABILITY DETERMINATION**

The purpose of the disability determination program is to produce accurate and timely eligibility determinations to social security disability applicants so they may receive benefits.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Federal Revenues	16,883.0	17,512.7	17,512.7	17,512.7	0.0
<b>TOTAL SOURCES</b>	<b>16,883.0</b>	<b>17,512.7</b>	<b>17,512.7</b>	<b>17,512.7</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	6,906.1	8,464.9	8,464.9	8,464.9	0.0
Contractual Services	2,256.9	4,057.0	4,097.0	4,097.0	1.0
Other	4,051.9	4,990.8	4,950.8	4,950.8	(0.8)
<b>TOTAL USES</b>	<b>13,214.9</b>	<b>17,512.7</b>	<b>17,512.7</b>	<b>17,512.7</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	57.0	17.0	17.0	17.0	0.0
Term	71.0	128.0	128.0	128.0	0.0
<b>TOTAL FTE</b>	<b>128.0</b>	<b>145.0</b>	<b>145.0</b>	<b>145.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Efficiency	Average number of days for completing an initial disability claim	177.0	82.0	100.0	100.0	100.0
Quality	Percent of initial disability determinations completed accurately	99.70%	95.70%	97.00%	97.00%	97.00%

**Statutory Authority**

Sections 28-10-1 through 28-10-8 NMSA 1978 create the Governor's Commission on Disability. The commission has 15 members, with nine appointed by the governor. Six members are representatives of other state agencies: the secretaries of the Human Services, Workforce Solutions, Aging and Long-Term Services, and Children, Youth and Families departments and the directors of the Division of Vocational Rehabilitation of the Public Education Department and the Behavioral Health Services Division of the Human Services Department.

**Mission**

The mission of the Governor's Commission on Disability is to improve the quality of life of all New Mexicans with disabilities and remove barriers to their full participation in their communities.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,289.8	1,439.5	1,573.4	1,459.7	1.4
Other Transfers	17.8	0.0	0.0	0.0	0.0
Federal Revenues	565.6	543.2	513.1	513.1	(5.5)
Other Revenues	0.7	0.0	0.0	0.0	0.0
Fund Balance	0.0	100.0	100.0	100.0	0.0
<b>TOTAL SOURCES</b>	<b>1,873.9</b>	<b>2,082.7</b>	<b>2,186.5</b>	<b>2,072.8</b>	<b>(0.5)</b>
<b>USES</b>					
Personal Services and Employee Benefits	780.3	1,150.4	1,317.5	1,203.8	4.6
Contractual Services	138.0	267.1	204.3	204.3	(23.5)
Other	434.2	665.2	664.7	664.7	(0.1)
<b>TOTAL USES</b>	<b>1,352.5</b>	<b>2,082.7</b>	<b>2,186.5</b>	<b>2,072.8</b>	<b>(0.5)</b>
<b>FTE</b>					
Permanent	12.0	11.0	11.0	11.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>16.0</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>	<b>0.0</b>

**At A Glance**

The Governor's Commission on Disability requested a total general fund amount of \$1.57 million, an increase of \$133.9 thousand, or 9.3 percent, over FY23. The commission requested a 5.5 percent decrease in federal revenue and continued to request use of \$100 thousand in fund balance for FY24. The agency requested fund balance to support the Residential Accessibility Modifications Program (RAMP). The commission also requested a 14 percent increase in personal services and employee benefits despite having a 28.6 percent funded vacancy rate.

The committee recommends an overall 1.4 percent increase in general fund revenue and supports the agency's request for federal funds and fund balance. LFC recommends a 4.6 percent increase in personal services and employee benefits. The committee supports the agency's request to maintain FY23 funding levels for the brain injury advisory council and its children's helmet safety program. In 2021, the council partnered with the University of New Mexico Department of Speech and Hearing Sciences to create brain injury educational modules for healthcare professionals.

The commission conducts architectural plan reviews to improve accessibility for people with disabilities, and its RAMP program has tripled in size over the past few years. The brain injury advisory council met both of its performance measure and the commission met just one of its four performance measure targets. The performance measures the agency met include "percent of individuals receiving education or training on brain injury," number of individuals who received technical assistance regarding brain injury," and "percent of architectural plan reviews and site inspections completed." The commission did not meet its performance measure targets for "percent of constituent inquiries addressed," "number of technology assistance program devices loaned statewide," and "number of technology assistance program outreach presentations, trainings and events."

**GOVERNOR'S COMMISSION ON DISABILITY**

The purpose of the governor's commission on disability program is to promote policies and programs that focus on common issues faced by New Mexicans with disabilities, regardless of type of disability, age or other factors. The commission educates state administrators, legislators and the general public on the issues facing New Mexicans with disabilities, especially as they relate to federal Americans with Disabilities Act directives, building codes, disability technologies and disability culture so they can improve the quality of life of New Mexicans with disabilities.

**BUDGET SUMMARY**

(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	1,104.6	1,226.1	1,359.8	1,246.1	1.6
Other Transfers	14.0	0.0	0.0	0.0	0.0
Federal Revenues	565.6	543.2	513.1	513.1	(5.5)
Other Revenues	0.7	0.0	0.0	0.0	0.0
Fund Balance	0.0	100.0	100.0	100.0	0.0
<b>TOTAL SOURCES</b>	<b>1,684.9</b>	<b>1,869.3</b>	<b>1,972.9</b>	<b>1,859.2</b>	<b>(0.5)</b>
<b>USES</b>					
Personal Services and Employee Benefits	702.4	1,068.6	1,235.7	1,122.0	5.0
Contractual Services	110.3	210.0	147.2	147.2	(29.9)
Other	389.2	590.7	590.0	590.0	(0.1)
<b>TOTAL USES</b>	<b>1,201.9</b>	<b>1,869.3</b>	<b>1,972.9</b>	<b>1,859.2</b>	<b>(0.5)</b>
<b>FTE</b>					
Permanent	11.0	10.0	10.0	10.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>15.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Percent of requested architectural plan reviews and site inspections completed	99%	100%	98%	98%	99%
Output	Number of technology assistance program devices loaned statewide	352.0	330.0	580.0	580.0	580.0
Output	Number of technology assistance program outreach presentations, trainings and events	307.0	107.0	200.0	200.0	220.0
Outcome	Percent of constituent inquiries addressed	99.00%	100.00%	99.00%	99.00%	99.00%

**BRAIN INJURY ADVISORY COUNCIL**

The purpose of the brain injury advisory council program is to provide guidance on the use and implementation of programs provided through the human services department's brain injury services fund so the department may align service delivery with needs identified by the brain injury community.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	185.2	213.4	213.6	213.6	0.1
Other Transfers	3.8	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>189.0</b>	<b>213.4</b>	<b>213.6</b>	<b>213.6</b>	<b>0.1</b>
<b>USES</b>					
Personal Services and Employee Benefits	77.9	81.8	81.8	81.8	0.0
Contractual Services	27.6	57.1	57.1	57.1	0.0
Other	45.0	74.5	74.7	74.7	0.3
<b>TOTAL USES</b>	<b>150.5</b>	<b>213.4</b>	<b>213.6</b>	<b>213.6</b>	<b>0.1</b>
<b>FTE</b>					
Permanent	1.0	1.0	1.0	1.0	0.0
<b>TOTAL FTE</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of individuals receiving education or training on brain injury issues who demonstrate increased knowledge as evidenced by pre- and post-training tests	100.00%	98.00%	95.00%	95.00%	97.00%
Output	Number of individuals who received technical assistance regarding brain injury	3,168.0	3,315.0	3,300.0	3,300.0	3,300.0

**Statutory Authority**

The Developmental Disabilities Council (DDC) was created to comply with the federal Developmental Disabilities Assistance and Bill of Rights Act and functions as a statewide planning and advocacy agency for people with developmental disabilities. The council includes the Office of Guardianship, responsible for providing guardianship services to individuals assigned by the judiciary as being unable to manage their financial affairs (Section 45-5-310 NMSA 1978).

**Mission**

The Developmental Disabilities Council will engage in advocacy, capacity building, and systemic change activities to contribute to a culturally competent and coordinated system of community services, supports, and other forms of assistance that are individual- and family-centered and -directed and to enable individuals with disabilities to exercise self-determination, be independent, be productive, and be integrated and included in all facets of community life.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	6,483.8	7,641.2	9,530.2	8,012.0	4.9
Other Transfers	451.6	625.0	625.0	625.0	0.0
Federal Revenues	516.3	669.9	530.2	530.2	(20.9)
<b>TOTAL SOURCES</b>	<b>7,451.7</b>	<b>8,936.1</b>	<b>10,685.4</b>	<b>9,167.2</b>	<b>2.6</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,319.5	1,757.4	2,244.7	1,757.4	0.0
Contractual Services	5,362.0	6,295.2	7,553.6	6,619.3	5.1
Other	522.5	883.5	887.1	790.5	(10.5)
<b>TOTAL USES</b>	<b>7,204.0</b>	<b>8,936.1</b>	<b>10,685.4</b>	<b>9,167.2</b>	<b>2.6</b>
<b>FTE</b>					
Permanent	14.5	20.0	21.0	21.0	5.0
Term	1.0	2.0	1.0	1.0	(50.0)
Temporary	2.0	0.0	2.0	0.0	0.0
<b>TOTAL FTE</b>	<b>17.5</b>	<b>22.0</b>	<b>24.0</b>	<b>22.0</b>	<b>0.0</b>

**At A Glance**

DDC received significant general fund revenue increases in FY22 and FY23. Between FY21 and FY23, the general fund appropriation to the agency grew nearly 46 percent. The increased general fund appropriation included replacing over \$500 thousand per year in depleted fund balance for guardianship services and funding to create a statewide special education ombudsman program. The council's FY24 request from the general fund was \$9.5 million, nearly 25 percent above the FY23 operating budget.

The council requested several increases for personnel, other operating costs, guardianship rate increases, and funding to reduce the waiting list. In 2021, the council published an updated rate study proposing guardianship rate increases. In FY23, the council requested and Legislature funded a phased approach to increasing rates for treatment guardianship, guardianship legal team rates, and professional guardianship rates. For FY24, the council requested an additional \$600 thousand to nearly completely fund the rate increase. The LFC recommendation includes \$300 thousand general fund increase for the continued phase-in of rate increases. In total, the LFC recommendation increases the general fund by \$370.8 thousand, or 4.9 percent, above the FY23 operating budget for rate increases and some operating costs.

**Budget Issues**

**Guardianship.** If a court orders a professional guardian for a protected person in an Office of Guardianship (OOG) case, DDC is legally obligated to provide guardianship services to the protected person. At the close of FY22, the agency had a total of 958 professional guardianship cases, including 156 new cases, and a waiting list of 182 cases. As of September 2022, the agency has 979 open professional cases with a waiting list of 157 cases. The waiting list for guardianship has partially grown as a result of administrative financial mistake. The council received a special appropriation of \$500 thousand for FY21 and FY22 for guardianship services but \$332 thousand went unspent and reverted to the general fund. The funding should have

been used to prevent the growth of the waiting list. The agency estimates each new guardianship case costs \$2,200 in legal services to initiate and a flat monthly rate for professional guardianship services of \$395 per protected person. Historically, about two-thirds of requests for guardianship services result in assignment of a professional guardian, with the remaining one-third resulting in appointment of a family or nonprofessional guardian, who are not paid.

Following guardianship oversight failures, the state enacted several key guardianship reforms related to transparency and oversight. State law imposes new requirements on guardians and conservators requiring additional information about a protected person to be submitted in initial and annual reports to the courts. In addition, statutory changes in 2018 imposed new bonding requirements on conservators to help safeguard the assets of a protected person. The law also requires guardians and conservators to keep the protected person's financial records for seven years and to comply with the requirements of any audit of the protected person's account, inventory, report, or property. The reforms also opened court hearings in guardianship and conservatorship proceedings previously closed and increased access to court records for family members and others entitled to notice of guardianship proceedings. In 2019, the Legislature adopted legislation adding specific rights for the alleged incapacitated person, requiring a professional guardian and conservator be certified and in good standing, increasing fines for overdue interim or annual reports to \$25 a day, and creating a new grievance process to file a complaint about a court-appointed guardian or conservator.

### **DEVELOPMENTAL DISABILITIES COUNCIL**

The purpose of the developmental disabilities council program is to provide and produce opportunities for persons with disabilities so they may realize their dreams and potential and become integrated members of society.

#### **BUDGET SUMMARY (dollars in thousands)**

	<b>FY22 2021-2022</b>	<b>FY23 2022-2023</b>	<b>FY24 2023-2024</b>		
	<b>Actuals</b>	<b>Budgeted</b>	<b>Agency Request</b>	<b>LFC Recommendation</b>	<b>Percent Inc (Decr)</b>
<b>SOURCES</b>					
General Fund Transfers	743.8	1,085.9	1,509.3	1,156.7	6.5
Other Transfers	74.4	75.0	75.0	75.0	0.0
Federal Revenues	516.3	669.9	530.2	530.2	(20.9)
<b>TOTAL SOURCES</b>	<b>1,334.5</b>	<b>1,830.8</b>	<b>2,114.5</b>	<b>1,761.9</b>	<b>(3.8)</b>
<b>USES</b>					
Personal Services and Employee Benefits	615.1	951.9	1,207.9	951.9	0.0
Contractual Services	294.1	446.0	160.7	160.7	(64.0)
Other	381.3	432.9	745.9	649.3	50.0
<b>TOTAL USES</b>	<b>1,290.5</b>	<b>1,830.8</b>	<b>2,114.5</b>	<b>1,761.9</b>	<b>(3.8)</b>
<b>FTE</b>					
Permanent	5.0	11.0	11.0	11.0	0.0
Term	0.0	1.0	1.0	1.0	0.0
Temporary	2.0	0.0	2.0	0.0	0.0
<b>TOTAL FTE</b>	<b>7.0</b>	<b>12.0</b>	<b>14.0</b>	<b>12.0</b>	<b>0.0</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of individuals contacting the office of the special education ombud for assistance supporting a student with disabilities who receive a response from the office within two business days	\$0.0	\$0.0	\$0.0	\$95.0	\$95.0
Outcome	Percent of individuals contacting the office of the special education ombud for assistance supporting a student with disabilities who receive a response from the office within two business days	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of individuals contacting the office of the special education ombud for emergency assistance supporting a student with disabilities who receive a response from the office within twenty-four hours	\$0.0	\$0.0	\$0.0	\$95.0	\$95.0
Outcome	Percent of individuals contacting the office of the special education ombud who receive a service quality feedback survey within one month of completion of a request for services	\$0.0	\$0.0	\$0.0	\$95.0	\$95.0
Outcome	Percent of individuals contacting the office of the special education ombud who receive a service quality feedback survey within six months of completion of a request for services	\$0.0	\$0.0	\$0.0	\$95.0	\$95.0
Outcome	Percent of individuals contacting the office of the special education ombud who receive a service quality feedback survey within three months of completion of a request for services	\$0.0	\$0.0	\$0.0	\$95.0	\$95.0
Output	Number of initial ombud recruitment trainings conducted	\$0.0	\$0.0	\$0.0	\$4.0	\$4.0
Output	Number of initial ombud recruitment trainings conducted	N/A	N/A	N/A	N/A	N/A
Output	Number of presentations or trainings provided statewide to promote the rights of students with disabilities and the services of the office of the special education ombud	\$0.0	\$0.0	\$0.0	\$25.0	\$25.0
Output	Number of individuals with developmental disabilities and family members trained on leadership, self-advocacy and disability-related issues	2,500.0	3,320.0	4,000.0	4,000.0	4,000.0

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Number of outreach/training activities conducted statewide focused on accessing community supports	120.0	221.0	150.0	150.0	200.0
Output	Number of contact with individuals with developmental disabilities and family members to assist in accessing information on local, community-based health resources	190,974.0	155,545.0	100,000.0	150,000.0	155,000.0
Output	Number of training opportunities for individuals with developmental disabilities to become leaders and train and mentor others with developmental disabilities	200.0	100.0	175.0	100.0	100.0
Outcome	Percent of developmental disabilities planning council funded projects that promote meaningful employment opportunities and public awareness that people with developmental disabilities can work	80.00%	89.00%	85.00%	85.00%	85.00%
Output	Number of presentations/trainings/technical assistance provided statewide that promotes individualized and inclusive educational opportunities within the school system for students with developmental disabilities	100.0	91.0	150.0	170.0	170.0

**OFFICE OF GUARDIANSHIP**

The purpose of the office of guardianship is to enter into, monitor and enforce guardianship contracts for income-eligible persons and to help file, investigate and resolve complaints about guardianship services provided by contractors to maintain the dignity, safety and security of the indigent and incapacitated adults of the state.

BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	5,740.0	6,555.3	8,020.9	6,855.3	4.6
Other Transfers	377.1	550.0	550.0	550.0	0.0
<b>TOTAL SOURCES</b>	<b>6,117.1</b>	<b>7,105.3</b>	<b>8,570.9</b>	<b>7,405.3</b>	<b>4.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	704.4	805.5	1,036.8	805.5	0.0
Contractual Services	5,068.0	5,849.2	7,392.9	6,458.6	10.4
Other	141.3	450.6	141.2	141.2	(68.7)
<b>TOTAL USES</b>	<b>5,913.7</b>	<b>7,105.3</b>	<b>8,570.9</b>	<b>7,405.3</b>	<b>4.2</b>
<b>FTE</b>					
Permanent	8.5	9.0	10.0	10.0	11.1
Term	1.0	1.0	0.0	0.0	(100.0)
<b>TOTAL FTE</b>	<b>9.5</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>0.0</b>



## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Number of protected person visits (including assessments, protected person welfare visits, comprehensive service review interviews and teleconference, in-person or videoconference visits) performed by office of guardianship staff or contractors	\$0.0	\$0.0	\$0.0	\$225.0	\$225.0
Output	Percent of complaints the received by the office of guardianship that are processed and resolved in compliance with 9.4.21.14 NMAC	19.0	3.0	5.0	5.0	5.0
* Outcome	Number of guardianship investigations completed	4.0	4.0	10.0	5.0	5.0
Output	Percent of guardianship contractors who undergo a comprehensive service review	13.0	24.0	25.0	95.0	95.0
* Outcome	Average amount of time spent on wait list	18:0	7:5	9:0	9:0	9:0
Outcome	Average number of people on the wait list, monthly	160.0	108.0	100.0	100.0	100.0

**Statutory Authority**

The Miners' Hospital of New Mexico, created by the state constitution and guided by Sections 23-3-1 through 23-3-3 NMSA 1978, is statutorily required to provide free or reduced-cost treatment and care of resident miners. The hospital is a beneficiary of the land grant permanent fund. Miners who have the ability to pay for their care are billed for services. The facility operates a rural health clinic, a 37-bed long-term care facility, and a 25-bed critical access hospital that also provides healthcare to nonminers. An outreach program exclusively for miners uses a mobile van equipped to do chest x-rays, pulmonary function tests, and audiology tests. Revenues from Medicare, Medicaid, third-party payers, and private patient payments also support the hospital. The hospital does not receive general fund appropriations and all revenues are nonreverting.

**Mission**

The mission of the Miners' Hospital of New Mexico is to be a leader in healthcare, providing quality acute care, long-term care, and related services to the beneficiaries of the miners' trust fund of New Mexico and the people of the region.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	0.0	15.2	0.0	0.0	(100.0)
Other Transfers	8,786.9	9,614.8	9,900.0	9,900.0	3.0
Federal Revenues	13,214.6	15,758.0	16,242.0	16,242.0	3.1
Other Revenues	17,246.0	18,436.0	19,558.0	19,558.0	6.1
<b>TOTAL SOURCES</b>	<b>39,247.5</b>	<b>43,824.0</b>	<b>45,700.0</b>	<b>45,700.0</b>	<b>4.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	21,383.5	23,592.0	24,639.0	24,639.0	4.4
Contractual Services	9,308.7	12,562.0	12,686.0	12,686.0	1.0
Other	7,484.8	7,670.0	8,375.0	8,375.0	9.2
<b>TOTAL USES</b>	<b>38,177.0</b>	<b>43,824.0</b>	<b>45,700.0</b>	<b>45,700.0</b>	<b>4.3</b>
<b>FTE</b>					
Permanent	264.0	235.0	235.0	235.0	0.0
Term	10.0	20.0	20.0	20.0	0.0
Temporary	19.0	3.0	3.0	3.0	0.0
<b>TOTAL FTE</b>	<b>293.0</b>	<b>258.0</b>	<b>258.0</b>	<b>258.0</b>	<b>0.0</b>

**At A Glance**

The Miners' Hospital of New Mexico requested an increase of \$285.2 thousand in miners' trust fund revenue, or 3 percent, over the FY23 operating budget. The hospital also requested a 3.1 percent increase in federal Medicare revenue and a 6.1 percent increase in other patient revenue, including Medicaid and private third-party payers. These revenue projections include the hospital's plan to increase patient fees and improve collections and reimbursements in an effort to offset growing medical inflation.

The hospital reports its FY24 budget request is higher than in previous years primarily because of the rising costs of contract medical services exacerbated by the Covid-19 pandemic. As a rural medical facility, the hospital continues to struggle to recruit and retain licensed clinical staff, and its FY24 budget request for personnel and contractual services includes funding to support the rising costs of healthcare personnel.

LFC recommends the requested \$45.7 million level of funding supported with the projected \$16.2 million in federal Medicare revenue, \$19.6 million in other patient revenue, and \$9.9 million in projected miners' trust fund revenue.

**Budget Issues**

Miners' Hospital of New Mexico, also known as Miners' Colfax Medical Center, is a 25-bed critical access acute care facility, long-term care facility, and primary care clinic. The hospital's services are similar to other rural and county hospitals where people from all over northern New Mexico, not just miners, receive services. The acute care hospital is state-owned and receives patient revenues from private third-party insurance payers, Medicare,

and Medicaid. The hospital requested a \$484 thousand increase in federal Medicare revenue and an increase of \$1.1 million in other revenues from individual patients compared with the FY23 operating budget. The projections and receivables for these revenues vary annually.

The hospital requested an overall increase of \$1.8 million, or 4.3 percent, including a 4.4 percent increase in the personal services and employee benefits category to recruit and retain individuals to fill vacant state healthcare positions. The facility has a 4.4 percent funded vacancy rate.

The hospital requested a 1 percent increase in contractual services to fund contract nursing services. Contract nurses' salaries are projected to increase to close to \$200 an hour as demand for nurses soars across the country. Miners' hospital is struggling to attract traveling nurses to work in rural northeastern New Mexico and is requesting sufficient budget to maintain competitive salaries. The hospital also requested a 9.2 percent increase in other costs associated with increased pharmaceutical and other medical costs. The LFC recommendation supports the agency's requested level of revenues and expenditures.

The hospital reports rural public medical facilities face greater recruitment challenges than private medical facilities in urban areas. Private sector general medicine physician offices are also declining in rural areas particularly as retirements increase for New Mexico's aging rural healthcare providers. To offset the loss of physicians operating private medical practices, the hospital expanded its services to include a rural health clinic, women's health clinic, surgical clinic, and an expanded Black Lung Outreach program. These service expansions have been facilitated through employing physicians and mid-level providers including physician's assistants and nurse practitioners. Market wage adjustments for providers, nurses, and other clinical professionals is needed to attract and retain the workforce required to operate the hospital.

**Miners' Trust Fund.** The Ferguson Act of 1898 and the Enabling Act for New Mexico of 1910 set aside 50 thousand acres of trust land to generate income that helps support the Miners' Hospital. Royalty revenue is deposited in a land grant permanent fund for the hospital. Annually, a portion of the fund, along with other revenue, is deposited into the miners' trust income fund including land rental or lease income, interest on investments, and charitable and penal funds. For FY24, the hospital requested a total of \$9.9 million from the income fund. The LFC recommendation aligns with this projection for miners' trust fund revenue to support the hospital in FY24. Notably, the miners' trust fund has a projected fund balance of approximately \$20.9 million.

**Performance.** The hospital had no findings in its 2020 and 2021 audit.

The hospital met almost three-quarters of its FY22 performance targets and had thousands of visits in its emergency room and rural health clinic. The hospital did not perform as well on employee turnover rate, collection of budgeted revenue, nursing home occupancy, outpatient visits, outreach clinic visits, and newborn births.

### **MINERS' HOSPITAL OF NEW MEXICO**

The purpose of the healthcare program is to provide quality acute care, long-term care and related health services to the beneficiaries of the miners' trust fund of New Mexico and the people of the region so they can maintain optimal health and quality of life.

### **Recommended Language**

The internal service funds/interagency transfers appropriations to the healthcare program of miners' hospital of New Mexico include nine million nine hundred thousand dollars (\$9,900,000) from the miners' trust fund.

### **PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Outcome	Percent of budgeted revenue collected	100.00%	1.04%	100.00%	100.00%	100.00%
Outcome	Annual percent of healthcare-associated infections	0.00%	0.30%	1.50%	1.50%	1.00%
Outcome	Average patient length of stay, in days, for the acute care facility	5.0	5.0	5.0	5.0	5.0
Outcome	Rate of unassisted patient falls per one thousand patient days in the long-term care facility	0.50%	0.40%	3.00%	3.00%	2.00%
Output	Number of outpatient visits	9,384.0	8,118.0	10,000.0	8,500.0	8,600.0
Output	Number of visits to the outreach clinic	12.0	36.0	100.0	100.0	100.0
Output	Number of surgeries performed	509.0	465.0	425.0	450.0	450.0
* Outcome	Percent of occupancy at nursing home based on licensed beds	49%	49%	50%	50%	50%
Efficiency	Number of days in accounts receivable	45.0	38.0	50.0	50.0	50.0

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Quality	Percent of patients readmitted to the hospital within thirty days with the same or similar diagnosis	0.0%	0.3%	2.0%	2.0%	2.0%
Quality	Rate of medication errors per one thousand medications administered	0.02%	0.15%	1.00%	1.00%	1.00%
Output	Number of emergency room visits	4,390.0	5,570.0	4,500.0	5,500.0	5,500.0
Output	Number of newborn births	72.0	65.0	75.0	65.0	65.0
Efficiency	Employee turnover rate	22.00%	24.40%	21.00%	24.00%	22.00%
Output	Average daily census	1.0	9.0	4.0	5.0	5.0
Efficiency	Percent agency nursing staff to total nursing staff	21.43%	18.00%	25.00%	25.00%	20.00%
Output	Number of rural health clinic visits	14,302.0	14,413.0	14,000.0	14,000.0	14,000.0
Efficiency	Number of days cash on hand	110.0	99.0	85.0	85.0	90.0

**Statutory Authority**

The Department of Health (DOH) was created by Sections 9-1-7 through 9-7-15 NMSA 1978 to serve the citizens of New Mexico through programs designed to prevent disease and disability, promote health, and prevent or treat problems of mental health, substance abuse, developmental disabilities, and chronic disease. The agency licenses health and long-term care facilities and operates seven treatment centers, the state scientific laboratory, and public health offices in all counties. The department currently has eight programs: Public Health, Epidemiology and Response, Laboratory Services, Facilities Management, Developmental Disabilities Support, Administration, Medical Cannabis, and Health Certification, Licensing and Oversight. Among the responsibilities of the department are the activities under the New Mexico Rural Primary Health Care Act and school-based health services, health surveillance and outbreak response, vital health statistics, accessible emergency medical services, pharmaceutical services, community-based services for the developmentally disabled, and licensing and oversight of hospitals, nursing homes, other healthcare facilities and community programs. In addition to providing other services, the Facilities Management Program operates the Los Lunas Community Program, New Mexico Rehabilitation Center in Roswell, Behavioral Health Institute in Las Vegas, Fort Bayard Medical Center outside of Silver City, and Sequoyah Adolescent Residential Treatment Center and Turquoise Lodge for chemical dependency treatment, both in Albuquerque.

**Mission**

The mission of the New Mexico Department of Health is to provide leadership to guide public health and to protect the health of all New Mexicans.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	313,668.8	353,222.3	393,000.2	379,016.8	7.3
Other Transfers	69,258.2	44,112.0	46,427.2	49,527.2	12.3
Federal Revenues	236,178.8	235,356.2	187,059.9	187,059.9	(20.5)
Other Revenues	101,230.8	139,125.7	144,728.8	144,728.8	4.0
<b>TOTAL SOURCES</b>	<b>720,336.6</b>	<b>771,816.2</b>	<b>771,216.1</b>	<b>760,332.7</b>	<b>(1.5)</b>
<b>USES</b>					
Personal Services and Employee Benefits	238,541.6	290,551.8	304,054.4	303,467.2	4.4
Contractual Services	212,714.7	166,101.5	140,122.6	131,801.4	(20.7)
Other	153,803.3	157,842.2	158,018.4	157,543.4	(0.2)
Other Financing Uses	68,473.1	157,320.7	169,020.7	167,520.7	6.5
<b>TOTAL USES</b>	<b>673,532.7</b>	<b>771,816.2</b>	<b>771,216.1</b>	<b>760,332.7</b>	<b>(1.5)</b>
<b>FTE</b>					
Permanent	3,045.0	2,751.0	2,654.5	2,617.9	(4.8)
Term	928.0	1,043.5	1,227.5	1,204.0	15.4
Temporary	30.0	16.0	18.0	18.0	12.5
<b>TOTAL FTE</b>	<b>4,003.0</b>	<b>3,810.5</b>	<b>3,900.0</b>	<b>3,839.9</b>	<b>0.8</b>

**At A Glance**

The Department of Health's (DOH) \$393 million FY24 request for general fund revenue was an 11 percent increase above the FY23 operating budget. The request assumed significant decreases in federal revenues in the Epidemiology and Response Program, resulting in large decreases for others costs and contractual services. The Facilities Management Program requested a significant general fund revenue increase, including \$3.6 million for operational personnel costs. The Developmental Disabilities Support Program (DDSD) requested a general fund increase of \$10.2 million, or 5.6 percent above the FY23 operating budget, for provider rate increases. General fund increases in the Public Health Program requested by the department were \$16.4 million, or nearly 27 percent. The request included \$943.4 thousand for personnel, \$5.8 million for school-based health centers, \$1.8 million for medication assisted treatment, \$5 million for alcohol misuse grants, \$485 thousand for pediatric screening, and \$2 million for family planning to replace discontinued federal revenue. The Health Certification, Licensing, and Oversight Program requested \$2.4 million from the general fund for personnel. Finally, Program Support requested \$4.4 million general fund revenue including \$901.5 thousand for personnel, \$3 million for a state health-marketing program, and \$389 thousand for language access.

The LFC recommendation increases the general fund revenue by \$25.8 million, including \$10.2 million for developmental disabilities waiver provider rate increases, \$3.8 million for alcohol misuse and medication assisted treatment, \$2 million for family planning, \$3.5 million for personnel and compensation in state facilities, \$901 thousand for administrative oversight, and \$2.4 million for personnel in the Health Certification, Licensing, and Oversight Program. The LFC recommendation also increases other transfers from the early care and education trust fund of \$3 million in the Public Health Program for school-based health centers contingent on legislation expanding distributions from the fund.

### Budget Issues

Much of the Department of Health's activities during FY21, FY22, and FY23 have centered on the state's response to Covid-19. In particular, the Epidemiology and Response and Public Health programs have been charged with testing, contact tracing, and related activities. Since the pandemic began, these activities ranged from formulating state gating criteria, developing Covid-19-safe practices for New Mexico businesses, and monitoring the processing of testing and rolling out of vaccinations. The FY24 request, however, invests in broader public health initiatives, such as substance use disorder, staffing of state facilities, and oversight of private health facilities, long-term services, and developmental disabilities (DD) waiver providers.

**Facilities.** The department's request for the Facilities Management Program increased general fund revenue by \$3.6 million, or 4.9 percent. Of the total general fund request, \$3 million was for personnel, \$250 thousand for a certified nurse aide program, and \$326.1 thousand for maintenance and operations. The program also requested decreases in other transfers revenues and was relatively flat in other revenues. These revenues include government payments for Medicaid, Medicare, and similar programs. The request for other revenues was significantly higher than FY22 actual spending, which has been a continual issue in the Facilities Management Program. This revenue has been significantly affected by patient billing. If the department's rate of billing denials increases or its facility populations decline, then the budgeted revenue authority does not materialize as actual revenue. At the close of FY22, 51 percent of beds were occupied and the census continued decline to 41 percent during the first quarter of FY23. The program must increase census to address this issue.

The LFC general fund revenue recommendation supports the department request for a certified nurse aide program, maintenance and operations, and \$2 million for personnel. Additionally, the LFC recommendation increases general fund revenue by \$1.5 million for a targeted compensation increase for hard to recruit and retain direct care staff, such as certified nursing assistants and psychiatric technicians. The funding is sufficient for an average 10 percent increase for these personnel.

In 2021, LFC released a program evaluation for the Facilities Management Program. The report found the Department of Health's seven facilities face chronic issues with underutilization, staffing shortages, fiscal management, and facility conditions, resulting in substantial costs to the state and risks to the health and safety of individuals in their care. Key findings included a lack of strong, dedicated leadership over facilities, affecting the department's ability to respond to deficiencies and address critical patient needs. In 2022, LFC released a progress report regarding the 2021 evaluation and found the program had made progress on operational challenges at facilities, but significant issues with quality of care and utilization persisted. DOH is in the process of implementing most LFC recommendations from the initial evaluation, including hiring dedicated leadership to oversee statewide facility operations and clinical outcomes, tracking daily census across facilities, and implementing some quality improvement processes. However, despite increased need for behavioral health care and long-term care in New Mexico, facilities continue to be chronically underutilized, driving up cost per bed by an estimated 25 percent from FY20 to FY22.

**New Mexico Veterans' Home.** The 2021 LFC evaluation found significant issues relating to facility condition and patient care, including a pattern of deficiencies at the New Mexico Veterans Home (NMVH) that resulted in substantial risks to the health and safety of residents and staff. These problems persisted in the 2022 progress report. Like many DOH facilities, the Veterans' Home is under-occupied, with 65 residents in a facility (on July 29, 2022) that could serve 145. Additionally, DOH's Division of Health Improvement (DHI) conducted health and safety surveys of long-term care facilities for licensing and regulatory purposes on behalf of the federal Center for Medicare and Medicaid Services (CMS) at the NMVH. Complaints can also trigger additional review. In June 2022, DHI released a regular survey and a response to a complaint at NMVH. The report identified three instances of immediate jeopardy that required immediate action, as well as six deficiencies pointing to other forms of substandard care or resident harm. In total, the survey found 31 overall deficiencies. Following the survey, DOH terminated the administrator and the medical director resigned. NMVH established a plan to correct the deficiencies. The federal government also imposed consequences. The facility was not be able to bill federal revenues for new residents and NMVH was unable to admit new residents. However, as of November 2022, NMVH was cleared of the federal tags and considered back in compliance. Following the 2021 LFC program evaluation, a LFC subcommittee visited NMVH twice during 2021 and once in 2022 noting the continued low capacity and facility needs.

In addition to operational concerns, NMVH is also addressing infrastructure problems in the annex building and constructing new buildings to replace the outdated old main building and operationalize a new model of care with several small house model facilities on the campus. The small house model follows current federal Department of Veterans Affairs (VA) best practices. The VA released a small house model design guide in January 2017, with a revised version in March 2019. The 350-page document replaced the community living center design guide and is referred to as a guide for the "planning and design of state Veterans Homes." The NMVH small house model transitions from the medical and institutional model of care to small

house communities of 10 to 14 residents. Arkansas, Maine, and Michigan have all recently constructed new state veterans' homes using the small house design. NMVH expects the first of the new small houses to be complete in 2023.

Construction of state veterans' home facilities are eligible for a 65 percent federal funding match from the Department of Veterans Affairs. However, as of November 2022, DOH has not been officially approved for VA funding for the new construction at NMVH. The state construction appropriation of \$60 million may be reimbursed by federal revenue.

**Services for People with Developmental Disabilities.** The request for general fund revenue for the Developmental Disabilities Support Division (DDSD) was \$193.8 million, or 5.6 percent, above the FY23 operating budget. The request included \$10.2 million for provider rate increases. In FY23, the department began implementing a plan to eliminate the waiting list for services provided under the DD waivers, a process known as super allocation. As of November 2022, DDSD sent 3,450 letters of allocation to individuals on the waiting list. Additionally, as of November 2022, 4,211 individuals were receiving services under the DD waiver, 303 individuals from medically fragile waiver, 2,731 from the Mi Via waiver for self-directed care, and 189 on the community supports waiver. A nonrecurring federal matching rate has allowed the state to implement super allocation in FY23 and FY24 without a significant impact to the state general fund; however, in FY25 large general fund appropriations will be necessary to continue the program.

**Federal Revenues.** The standard federal Medicaid matching rate (FMAP) for New Mexico in FY23 is 76.1 percent for the DD waivers, resulting in over \$448 million in federal revenues. However, in spring 2020, the federal Families First Coronavirus Response Act (FFCRA) changed Medicaid benefits and temporarily increased the federal Medicaid matching rate (FMAP) by 6.2 percentage points, also known as the enhanced FMAP rate. The DD waiver program is receiving increased federal revenue from the enhanced FMAP, an estimated \$7 million per quarter, reducing general fund need. The enhanced FMAP is slated to end in June 2022 but could be continued by the federal government at 6.2 percent or change to a lower rate in order to scale down the support. In addition to the enhanced FMAP, the federal American Rescue Plan Act (ARPA) contained a number of provisions designed to increase coverage, expand benefits, and adjust federal financing for state Medicaid programs. In FY23, DOH began using these three nonrecurring funding sources and existing fund balances to remove everyone from the waiting list and gradually phase in estimated state costs over the next three to four years. Wage inflation and tight labor markets have resulted in some difficulty for providers to ramp up services for individuals coming off the waiting list. In response, the department requested and the LFC recommendation includes \$10.2 million to be matched with Medicaid revenues for rate increases for DD providers. Volume III includes LFC analysis of a finance plan through FY27 to eliminate the waiting list using the increased HCBS funds.

**Jackson Lawsuit.** In 2019, a settlement agreement was reached in the Jackson litigation, concerning services for those with developmental disabilities. In April 2022, U.S. Magistrate Judge John F. Robbenhaar granted the state's motion to dismiss the Jackson lawsuit. Filed in 1987, the Jackson litigation centered on significant deficiencies at a pair of since-closed state-run institutions for intellectually and developmentally disabled New Mexicans. Attorney fees and associated costs for the state have topped \$80 million over the course of the litigation. In FY23, the department was able to use \$2.4 million in general fund revenue, previously budgeted for the lawsuit administrative costs, to provide additional services.

**Public Health.** The Public Health Program requested a general fund increase of \$16.4 million, or 26.5 percent, including \$5 million for an alcohol misuse program, \$5.8 million for school-based health centers, \$2 million for family planning, and \$1.8 million for medication-assisted treatment. The Public Health program also requested \$943.4 thousand from the general fund for personnel, \$25 thousand for health councils, \$150 thousand for latent tuberculosis treatment, and \$485 thousand for pediatric screenings.

In 2022, DOH released a report on alcohol misuse in New Mexico. The report found New Mexico had the highest alcohol-related death rate in the nation, nearly double the national rate in 2020. In 2020, 1,878 deaths in the state were due to alcohol. Additionally, excessive alcohol consumption can cause long-term health outcomes, such as heart disease, cancer, liver disease, physical injury, anxiety, and depression. However, the department's request for \$5 million provided insufficient detail of program implementation. Despite this, given the need to address alcohol misuse in the state, the LFC recommendation includes \$2 million state general fund revenue for this purpose.

The LFC recommendation supports requested increases in general fund revenue for tuberculosis treatment, medication assisted treatment, and family planning in addition to \$500 thousand for personnel, and \$100 thousand for health councils. The LFC recommendation increases general fund revenues by 10.6 percent above the FY23 operating budget. Finally, the LFC recommendation also includes \$3 million in transfer revenue from the early childhood trust fund and \$1.5 million in nonrecurring revenues for school-based health centers.

**Epidemiology and Response Program.** The Epidemiology and Response Program requested a general fund revenue increase of \$2.6 million, or 20.5 percent. The request included \$945.2 thousand to modernize the process for individuals seeking birth and death certificates from the department and \$126 thousand to contract with Office of Medical Investigator (OMI). The funding for OMI is to expand testing for victims of violent deaths for toxicology-related causes of death. Currently, the state is only able to perform toxicology on 71 percent of violent deaths. The program also requested \$1.5 million for miscellaneous trauma care but no additional information was provided to LFC. The LFC general fund revenue supports the department request for modernization, OMI, and additional population data contracting.



**Health Quality and Regulation.** The purpose of the Health Certification, Licensing and Oversight Program is to ensure quality healthcare and to conduct investigations of abuse, neglect, and exploitation. The program requested to increase general fund revenues by over \$2.4 million, or nearly 33 percent, a majority of which is for personnel. Given expanded oversight duties related to super allocation in DD waiver services and oversight infrastructure for hospitals, assisted living, nursing homes, and other community-based supported and family living homes, the LFC recommendation supports the department request.

**Medical Cannabis.** The \$2.5 million in transfers from the Regulation and Licensing Department to Medical Cannabis program is from licensing fees. The transfer is flat with FY23 operating budget, and the LFC recommendation supports the program's request.

**Program Support.** Program Support includes administrative services, such as human resources, general counsel, Office of the Secretary, financial services, and information technology. The program requested a general fund increase of \$4.4 million, or nearly 68 percent. A majority of the request, \$3 million, was for an advertising campaign. For context, this request is the equivalent of nearly 30 percent of the state's Tourism Department recurring advertising budget. The program also requested \$902 thousand for personnel to expand financial oversight, \$389 thousand for language access services, and \$120 thousand for FTE to work on developing a pharmaceutical drug importation program. Given the significant financial concerns for state facilities, the LFC recommendation supports the department request for oversight personnel in addition to language access.

### Base Expansion

The department requested three expansions for personnel funding, all of which the LFC recommendation includes in the base because they are not an expansion of programming.

#### BASE EXPANSION LISTING FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	ASD - FTE Base Increase	P001	1,350.5	0.0
0	DHI - FTE Base Increase	P008	1,350.8	0.0
0	PHD - FTE Base Increase	P002	842.9	0.0
<b>TOTAL</b>			<b>3,544.2</b>	<b>0.0</b>

### PUBLIC HEALTH

The purpose of the public health program is to provide a coordinated system of community-based public health services focusing on disease prevention and health promotion to improve health status, reduce disparities and ensure timely access to quality, culturally competent healthcare.

#### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	54,716.7	61,910.5	78,306.9	68,443.5	10.6
Other Transfers	12,124.5	17,813.1	20,291.8	23,291.8	30.8
Federal Revenues	125,158.3	91,251.8	108,019.8	108,019.8	18.4
Other Revenues	35,139.6	42,217.2	46,571.7	46,571.7	10.3
<b>TOTAL SOURCES</b>	<b>227,139.1</b>	<b>213,192.6</b>	<b>253,190.2</b>	<b>246,326.8</b>	<b>15.5</b>



**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	50,770.9	65,430.6	68,816.9	67,749.7	3.5
Contractual Services	103,636.1	59,740.5	83,429.6	78,108.4	30.7
Other	71,283.1	87,559.2	100,481.4	100,006.4	14.2
Other Financing Uses	462.3	462.3	462.3	462.3	0.0
<b>TOTAL USES</b>	<b>226,152.4</b>	<b>213,192.6</b>	<b>253,190.2</b>	<b>246,326.8</b>	<b>15.5</b>
<b>FTE</b>					
Permanent	405.2	272.5	249.2	241.0	(11.6)
Term	429.0	513.5	566.5	571.0	11.2
<b>TOTAL FTE</b>	<b>834.2</b>	<b>786.0</b>	<b>815.7</b>	<b>812.0</b>	<b>3.3</b>

**Recommended Language**

The internal service funds/interagency transfers appropriations to the public health program of the department of health include five million four hundred thirty-five thousand two hundred dollars (\$5,435,200) from the tobacco settlement program fund for smoking cessation and prevention programs, seven hundred fifteen thousand five hundred dollars (\$715,500) from the tobacco settlement program fund for diabetes prevention and control services, two hundred ninety-three thousand dollars (\$293,000) from the tobacco settlement program fund for human immunodeficiency virus/acquired immune deficiency syndrome prevention services and medicine and one hundred twenty-eight thousand six hundred dollars (\$128,600) from the tobacco settlement program fund for breast and cervical cancer screening.

The inter-agency transfers appropriation to the public health program of the department of health includes three million dollars (\$3,000,000) from the early childhood care and education fund for school based health centers.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Number of community members trained in evidence-based suicide prevention practices	618.0	853.0	500.0	225.0	850.0
Outcome	Number of clients enrolled in the harm reduction program	0.0	NEW	0.0	10,000.0	10,000.0
Explanatory	Percent of adolescents who smoke	0%	4%	N/A	N/A	N/A
* Quality	Percent of female New Mexico department of health's public health office family planning clients, ages fifteen to nineteen, who were provided most or moderately effective contraceptives	88%	86%	88%	63%	88%
Explanatory	Percent of third-grade children who are considered obese	0.00%	28.60%	N/A	N/A	N/A
Explanatory	Percent of adults who smoke	0.00%	16.10%	N/A	N/A	N/A
Explanatory	Number of births to teens ages fifteen to nineteen per one thousand females ages fifteen to nineteen	0.0	TBD	N/A	N/A	N/A
Outcome	Number of participants in the national diabetes prevention program who were referred by a health care provider through the agency-sponsored referral system	63%	57%	50%	35%	57%
Outcome	Number of successful overdose reversals in the harm reduction program	2,572.0	3,420.0	2,750.0	2,750.0	3,400.0

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Percent of children in healthy kids, healthy communities with increased opportunities for healthy eating in public elementary schools	97.90%	99.30%	89.00%	89.00%	99.00%
Output	Percent of New Mexico adult cigarette smokers who access New Mexico department of health cessation services	1.90%	1.88%	2.60%	2.60%	2.60%
* Quality	Percent of school-based health centers funded by the department of health that demonstrate improvement in their primary care or behavioral healthcare focus area	73%	91%	95%	95%	95%
Outcome	Percent of older adults who have ever been vaccinated against pneumococcal disease	TBD	TBD	75.00%	75.00%	75.00%
* Outcome	Percent of preschoolers ages nineteen to thirty-five months indicated as being fully immunized	65%	66%	65%	65%	66%
Output	Number of teens who successfully complete a youth development program to prevent unintended teen pregnancy	385.0	460.0	350.0	232.0	460.0

**EPIDEMIOLOGY AND RESPONSE**

The purpose of the epidemiology and response program is to monitor health, provide health information, prevent disease and injury, promote health and healthy behaviors, respond to public health events, prepare for health emergencies and provide emergency medical and vital registration services to New Mexicans.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	10,623.0	12,703.9	15,313.1	13,813.1	8.7
Other Transfers	765.4	490.2	873.0	973.0	98.5
Federal Revenues	76,981.4	114,063.3	48,798.8	48,798.8	(57.2)
Other Revenues	8,589.0	644.1	671.2	671.2	4.2
<b>TOTAL SOURCES</b>	<b>96,958.8</b>	<b>127,901.5</b>	<b>65,656.1</b>	<b>64,256.1</b>	<b>(49.8)</b>
<b>USES</b>					
Personal Services and Employee Benefits	27,922.6	34,214.8	35,816.7	35,916.7	5.0
Contractual Services	37,903.4	75,634.8	20,269.0	20,269.0	(73.2)
Other	29,870.6	18,051.9	8,070.4	8,070.4	(55.3)
Other Financing Uses	0.0	0.0	1,500.0	0.0	0.0
<b>TOTAL USES</b>	<b>95,696.6</b>	<b>127,901.5</b>	<b>65,656.1</b>	<b>64,256.1</b>	<b>(49.8)</b>
<b>FTE</b>					
Permanent	201.2	90.0	81.2	81.0	(10.0)
Term	221.0	208.0	293.0	237.0	13.9
Temporary	3.0	0.0	2.0	2.0	0.0
<b>TOTAL FTE</b>	<b>425.2</b>	<b>298.0</b>	<b>376.2</b>	<b>320.0</b>	<b>7.4</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of substance use disorders patients in participating hospitals referred to peer support	NEW	NEW	0.0%	50.0%	50.0%
Output	Number of people admitted to the emergency department of participating hospitals with a suicide attempt diagnosis	NEW	TBD	3,408.0	300.0	300.0
Quality	Percent of New Mexico hospitals certified for stroke care	19.50%	20.00%	24.00%	24.00%	24.00%
* Explanatory	Drug overdose death rate per one hundred thousand population	0.0	TBD	N/A	N/A	N/A
* Explanatory	Alcohol-related death rate per one hundred thousand population	0.0	86.6	N/A	N/A	N/A
Explanatory	Rate of fall-related deaths per one hundred thousand adults, aged sixty-five years or older	0.0	TBD	N/A	N/A	N/A
Explanatory	Rate of heart disease and stroke (cardiovascular disease) deaths per one hundred thousand population	0.0	TBD	N/A	N/A	N/A
Explanatory	Percent of youth who were sexually assaulted in the last twelve months	11.40%	11.90%	N/A	N/A	N/A
Explanatory	Rate of avoidable hospitalizations	609.4	655.4	N/A	N/A	N/A
Explanatory	Rate of heat related illness hospitalizations	0.0	TBD	N/A	N/A	N/A
Outcome	Percent of retail pharmacies that dispense naloxone	88%	93%	88%	Discontinued	Discontinued
Explanatory	Rate of suicide per 100,000 population	0.0	TBD	N/A	N/A	N/A
Explanatory	Percent of persons hospitalized for influenza who were treated with antivirals within 2 days of onset of illness	0%	17%	N/A	N/A	N/A
Explanatory	Rate of pneumonia and influenza deaths per 100,000	0.0	TBD	N/A	N/A	N/A
Outcome	Number of older adults who participated in evidence-based falls prevention intervention program	N/A	TBD	5.0	800.0	800.0
Output	Number of youth who have completed an evidence-based or evidence-supported sexual assault primary prevention program	3,112.0	6,733.0	7,000.0	7,000.0	7,000.0
Outcome	Percent of hospitals with emergency department based self-harm secondary prevention programs	3%	5%	7%	7%	7%
Outcome	Average time to provide birth certificate to customer	3.0	5.0	3.0	5.0	4.0
Outcome	Percent of death certificates completed by bureau of vital records & health statistics within ten days of death	50.00%	50.00%	64.00%	64.00%	64.00%
* Outcome	Percent of opioid patients also prescribed benzodiazepines	11%	10%	5%	5%	5%
Outcome	Rate of persons receiving alcohol screening and brief intervention services	52.20%	TBD	72.60%	72.60%	72.60%
Output	Percent of cities and counties with access and functional needs plans that help prepare vulnerable populations for a public health emergency	65.00%	35.00%	50.00%	50.00%	50.00%
Outcome	Suicide rate per 100,000 population	N/A	N/A	N/A	N/A	N/A

**LABORATORY SERVICES**

The purpose of the laboratory services program is to provide laboratory analysis and scientific expertise for policy development for tax-supported public health, environment and toxicology programs in the state of New Mexico and to provide timely identification of threats to the health of New Mexicans.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	7,794.6	8,896.1	9,071.1	9,071.1	2.0
Other Transfers	1,072.4	777.0	787.4	787.4	1.3
Federal Revenues	5,459.7	4,608.4	5,143.7	5,143.7	11.6
Other Revenues	1,641.6	1,674.5	1,826.0	1,826.0	9.0
<b>TOTAL SOURCES</b>	<b>15,968.3</b>	<b>15,956.0</b>	<b>16,828.2</b>	<b>16,828.2</b>	<b>5.5</b>
<b>USES</b>					
Personal Services and Employee Benefits	8,704.5	10,254.5	10,868.6	10,868.6	6.0
Contractual Services	301.0	562.2	861.7	861.7	53.3
Other	6,393.1	5,139.3	5,097.9	5,097.9	(0.8)
<b>TOTAL USES</b>	<b>15,398.6</b>	<b>15,956.0</b>	<b>16,828.2</b>	<b>16,828.2</b>	<b>5.5</b>
<b>FTE</b>					
Permanent	132.0	121.0	81.0	81.0	(33.1)
Term	45.0	70.0	96.0	96.0	37.1
<b>TOTAL FTE</b>	<b>177.0</b>	<b>191.0</b>	<b>177.0</b>	<b>177.0</b>	<b>(7.3)</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Efficiency	Percent of environmental samples for chemical contamination that are completed and reported to the submitting agency within sixty calendar days	98.6%	93.2%	95.0%	90.0%	93.0%
Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases completed and reported to law enforcement within fifteen calendar days	98.00%	N/A	95.00%	80.00%	80.00%
Efficiency	Percent of public health threat samples for communicable diseases and other threatening illnesses that are completed and reported to the submitting agency within published turnaround times	98.50%	98.30%	95.00%	95.00%	98.00%
Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases that are completed and reported to law enforcement within thirty calendar days	0.00%	98.40%	0.00%	90.00%	95.00%

**FACILITIES MANAGEMENT**

The purpose of the facilities management program is to provide oversight for department of health facilities that provide health and behavioral health-care services, including mental health, substance abuse, nursing home and rehabilitation programs in both facility- and community-based settings, and serve as the safety net for the citizens of New Mexico.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	66,370.8	72,345.5	75,921.6	76,421.6	5.6
Other Transfers	7,059.4	6,348.0	6,157.7	6,157.7	(3.0)
Federal Revenues	11,451.1	12,910.9	12,311.4	12,311.4	(4.6)
Other Revenues	53,747.0	92,228.9	93,562.3	93,562.3	1.4
<b>TOTAL SOURCES</b>	<b>138,628.3</b>	<b>183,833.3</b>	<b>187,953.0</b>	<b>188,453.0</b>	<b>2.5</b>
<b>USES</b>					
Personal Services and Employee Benefits	108,208.7	134,949.9	139,044.4	139,544.4	3.4
Contractual Services	13,904.8	16,146.6	16,972.6	16,972.6	5.1
Other	23,985.5	32,736.8	31,936.0	31,936.0	(2.4)
<b>TOTAL USES</b>	<b>146,099.0</b>	<b>183,833.3</b>	<b>187,953.0</b>	<b>188,453.0</b>	<b>2.5</b>
<b>FTE</b>					
Permanent	1,955.0	1,911.5	1,905.5	1,905.5	(0.3)
Term	2.0	5.0	5.0	5.0	0.0
Temporary	24.0	14.0	14.0	14.0	0.0
<b>TOTAL FTE</b>	<b>1,981.0</b>	<b>1,930.5</b>	<b>1,924.5</b>	<b>1,924.5</b>	<b>(0.3)</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Efficiency	Amount paid for direct care workers	\$0.0	NEW	\$0.0	\$10,000,000.0	\$10,000,000.0
Efficiency	Percent of eligible third-party revenue billed at all agency facilities	0.0%	NEW	0.0%	98.0%	98.0%
Efficiency	Percent of operational beds occupied	0.0%	NEW	0.0%	75.0%	80.0%
Explanatory	Number of referrals from judiciary	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of adolescents who complete the residential treatment program at sequoia adolescent treatment center	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of adolescents who complete the residential treatment program at sequoyah adolescent treatment center	0.0%	NEW	0.0%	85.0%	90.0%
Outcome	Percent of medication assisted treatment utilized in the treatment of tobacco addiction	0.0%	NEW	0.0%	65.0%	70.0%
Quality	Number of patients referred out of state	0.0	NEW	0.0	3.0	3.0
Quality	Number of patients transferred to emergency departments per one thousand patient days	0.0	NEW	0.0	4.0	4.0
Quality	Percent of long-stay residents who have a urinary tract infection	0.0%	NEW	0.0%	2.0%	1.0%
* Efficiency	Percent of eligible third-party revenue collected at all agency facilities	92%	93%	93%	93%	93%
Outcome	Percent of adolescent residents who successfully complete the center for adolescent relationship exploration program	82.00%	58.00%	90.00%	80.00%	80.00%
Output	Number of overtime hours worked	706,714.0	297,913.0	387,000.0	387,000.0	387,000.0

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Percent of quality management bureau 1915c home and community-based services waivers report of findings distributed within twenty-one working days from end of survey	73.60%	90.60%	86.00%	86.00%	90.00%
Quality	Number of medication errors causing harm per one thousand patient days within identified categories	\$0.6	0.2	2.0	2.0	0.2
Outcome	Percent of patients eligible for naloxone kits who received the kits	231.0	258.0	200.0	100.0	100.0
Outcome	Percent of medication assisted treatment utilized in the management of alcohol use disorders while at turquoise lodge hospital	0.00%	82.80%	65.00%	85.00%	85.00%
Output	Percent of medical detox occupancy at turquoise lodge hospital	70.00%	69.00%	75.00%	75.00%	80.00%
Efficiency	Percent of licensed beds occupied	58%	52%	75%	75%	80%
Output	Number of direct care contracted hours	167,479.0	88,392.0	218,000.0	218,000.0	218,000.0
Outcome	Percent of long-stay residents who are receiving antipsychotic drugs in the target period	N/A	4.20%	16.00%	5.00%	5.00%
Quality	Percent of long-stay high-risk residents with stage II-IV or unstageable pressure ulcers	NEW	7.95%	2.00%	2.00%	2.00%
Outcome	Percent of priority request for treatment clients who are provided an admission appointment to turquoise lodge hospital program within two days	70.00%	79.00%	65.00%	80.00%	80.00%
Outcome	Percent of medication assisted treatment utilized in the management of opioid use disorders while at turquoise lodge hospital	NEW	73.00%	65.00%	85.00%	85.00%
Outcome	Percent of patients educated on medication assisted treatment options while receiving medical detox services	NEW	89.00%	90.00%	100.00%	100.00%
Quality	Percent of in-house acquired pressure ulcers for long-term care residents - short stays	NEW	0.00%	2.00%	2.00%	1.00%

**DEVELOPMENTAL DISABILITIES SUPPORT**

The purpose of the developmental disabilities support program is to administer a statewide system of community-based services and support to improve the quality of life and increase the independence and interdependence of individuals with developmental disabilities and children with or at risk for developmental delay or disability and their families.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	162,100.5	183,557.9	193,757.9	193,757.9	5.6
Other Transfers	1,733.0	9,549.9	9,738.1	9,738.1	2.0
Other Revenues	200.3	305.0	184.6	184.6	(39.5)
<b>TOTAL SOURCES</b>	<b>164,033.8</b>	<b>193,412.8</b>	<b>203,680.6</b>	<b>203,680.6</b>	<b>5.3</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	14,819.5	14,483.8	15,553.8	15,553.8	7.4
Contractual Services	21,082.7	11,377.1	12,588.9	12,588.9	10.7
Other	4,970.5	10,693.5	8,479.5	8,479.5	(20.7)
Other Financing Uses	68,010.8	156,858.4	167,058.4	167,058.4	6.5
<b>TOTAL USES</b>	<b>108,883.5</b>	<b>193,412.8</b>	<b>203,680.6</b>	<b>203,680.6</b>	<b>5.3</b>
<b>FTE</b>					
Permanent	132.2	118.0	96.2	96.2	(18.5)
Term	83.0	86.0	99.0	99.0	15.1
Temporary	0.0	0.0	1.0	1.0	0.0
<b>TOTAL FTE</b>	<b>215.2</b>	<b>204.0</b>	<b>196.2</b>	<b>196.2</b>	<b>(3.8)</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Quality	Number of home visits	0.0	NEW	0.0	1,250.0	1,250.0
Efficiency	Percent of developmental disabilities waiver applicants who have a service plan and budget in place within ninety days of income and clinical eligibility determination	97.40%	96.30%	95.00%	95.00%	95.00%
* Explanatory	Number of individuals receiving developmental disabilities waiver services	5,111.0	5,416.0	N/A	N/A	N/A
* Explanatory	Number of individuals on the developmental disabilities waiver waiting list	4,669.0	2,610.0	N/A	N/A	N/A
Outcome	Percent of general event reports in compliance with general events timely reporting requirements (two-day rule)	83.00%	84.50%	86.00%	86.00%	86.00%
Outcome	Percent of adults between ages twenty-two and sixty-two served on a developmental disabilities waiver (traditional or mi via) who receive employment supports	18.40%	9.75%	27.00%	27.00%	27.00%
Outcome	Percent of people receiving waiver services that have received their annual level of care assessment	100.0	TBD	100.0	98.0	98.0

**HEALTH CERTIFICATION LICENSING AND OVERSIGHT**

The purpose of the health certification, licensing and oversight program is to provide health facility licensing and certification surveys, community-based oversight and contract compliance surveys and a statewide incident management system so that people in New Mexico have access to quality healthcare and that vulnerable populations are safe from abuse, neglect and exploitation.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	5,984.6	7,305.6	9,716.3	9,716.3	33.0
Other Transfers	3,477.7	5,498.4	5,498.4	5,498.4	0.0
Federal Revenues	5,362.8	2,650.0	2,876.4	2,876.4	8.5
Other Revenues	1,897.7	2,056.0	1,913.0	1,913.0	(7.0)
<b>TOTAL SOURCES</b>	<b>16,722.8</b>	<b>17,510.0</b>	<b>20,004.1</b>	<b>20,004.1</b>	<b>14.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	13,252.6	14,772.4	17,047.4	17,047.4	15.4
Contractual Services	777.9	1,003.0	922.5	922.5	(8.0)
Other	1,579.9	1,734.6	2,034.2	2,034.2	17.3
<b>TOTAL USES</b>	<b>15,610.4</b>	<b>17,510.0</b>	<b>20,004.1</b>	<b>20,004.1</b>	<b>14.2</b>
<b>FTE</b>					
Permanent	70.2	71.0	82.2	65.0	(8.5)
Term	106.0	103.0	120.0	137.0	33.0
<b>TOTAL FTE</b>	<b>176.2</b>	<b>174.0</b>	<b>202.2</b>	<b>202.0</b>	<b>16.1</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Percent of assisted living facilities complaint surveys initiated within required timeframes	48.4%	0.0%	Discontinued	0.0%	0.0%
Output	Percent of assisted living facilities complaints that meet criteria for seventy-two hour priority assignments surveys initiated	0.0%	NEW	0.0%	85.0%	85.0%
Output	Percent of long-term care health facility survey statement of deficiencies (center for medicare and medicaid services form 2567/state form) distributed to the facility within ten days of survey exit	NEW	62.5%	85.0%	85.0%	85.0%
Explanatory	Abuse rate for developmental disability waiver and mi via waiver clients	5.55%	7.91%	N/A	N/A	N/A
Explanatory	Re-abuse rate for developmental disabilities waiver and mi via waiver clients	6.12%	TBD	N/A	N/A	N/A
* Quality	Percent of abuse, neglect and exploitation investigations completed according to established timelines	96%	95%	86%	86%	94%
Output	Percent of acute and continuing care facility survey statement of deficiencies (center for medicare and medicaid services form 2567/ state form) distributed to the facility within ten days of survey exit	81.75%	TBD	85.00%	0.00%	0.00%



## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Percent of incident management bureau-assigned investigations initiated within required timelines	94.41%	95.40%	86.00%	86.00%	95.00%
Output	Percent of assisted living health facility survey statement of deficiencies (CMS form 2567/state form) distributed to the facility within 10 days of survey exit	NEW	37.00%	85.00%	85.00%	85.00%
Quality	Percent of nursing home incident reports submitted following participation in a division of health improvement training on reporting requirements	89.00%	89.20%	85.00%	85.00%	89.00%
Output	Number of caregiver criminal history screening appeal clearance recidivism/ re-offense (conviction) after a successful appeal	TBD	TBD	12.00%	12.00%	12.00%
Quality	Percent of nursing home survey citation(s) upheld when reviewed by the centers for medicare and medicaid services and through informal dispute resolution process	93.00%	88.00%	90.00%	90.00%	90.00%

**MEDICAL CANNABIS PROGRAM**

The purpose of the medical cannabis program is to provide qualified patients with the means to legally and beneficially consume medical cannabis in a regulated system for alleviating symptoms caused by debilitating medical conditions and their medical treatments and to regulate a system of production and distribution of medical cannabis to ensure an adequate supply.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	2,516.5	2,516.5	2,516.5	2,516.5	0.0
<b>TOTAL SOURCES</b>	<b>2,516.5</b>	<b>2,516.5</b>	<b>2,516.5</b>	<b>2,516.5</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,451.8	1,609.0	1,572.3	1,572.3	(2.3)
Contractual Services	592.1	570.5	570.5	570.5	0.0
Other	367.1	337.0	373.7	373.7	10.9
<b>TOTAL USES</b>	<b>2,411.0</b>	<b>2,516.5</b>	<b>2,516.5</b>	<b>2,516.5</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	0.3	3.0	0.3	0.3	(91.7)
Term	15.0	15.0	18.0	18.0	20.0
Temporary	3.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>18.3</b>	<b>18.0</b>	<b>18.3</b>	<b>18.3</b>	<b>1.7</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Number of patients currently enrolled in the medical cannabis program	\$0.0	NEW	\$0.0	\$95,000.0	\$95,000.0
Output	Number of presentations, conference sessions and workshops conducted to provide educational, law enforcement, medical professional and other community organizations with information and educational material regarding cannabis use	\$0.0	NEW	\$0.0	\$30.0	\$30.0
Quality	Percent of complete medical cannabis client applications approved or denied within thirty calendar days of receipt	99.98%	99.80%	99.00%	99.00%	99.00%
Efficiency	Percent of registry identification cards issued within five business days of application approval	99.98%	99.74%	98.00%	98.00%	99.00%

**ADMINISTRATION**

The purpose of the administration program is to provide leadership, policy development, information technology, administrative and legal support to the department of health so it achieves a high level of accountability and excellence in services provided to the people of New Mexico.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	6,078.6	6,502.8	10,913.3	7,793.3	19.8
Other Transfers	40,509.3	1,118.9	564.3	564.3	(49.6)
Federal Revenues	11,765.5	9,871.8	9,909.8	9,909.8	0.4
Other Revenues	15.5	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>58,368.9</b>	<b>17,493.5</b>	<b>21,387.4</b>	<b>18,267.4</b>	<b>4.4</b>
<b>USES</b>					
Personal Services and Employee Benefits	13,411.0	14,836.8	15,334.3	15,214.3	2.5
Contractual Services	34,516.8	1,066.8	4,507.8	1,507.8	41.3
Other	15,353.4	1,589.9	1,545.3	1,545.3	(2.8)
<b>TOTAL USES</b>	<b>63,281.2</b>	<b>17,493.5</b>	<b>21,387.4</b>	<b>18,267.4</b>	<b>4.4</b>
<b>FTE</b>					
Permanent	149.2	164.0	159.2	148.0	(9.8)
Term	27.0	43.0	30.0	41.0	(4.7)
Temporary	0.0	2.0	1.0	1.0	(50.0)
<b>TOTAL FTE</b>	<b>176.2</b>	<b>209.0</b>	<b>190.2</b>	<b>190.0</b>	<b>(9.1)</b>

**Statutory Authority**

The Department of Environment (NMED) is established by Sections 9-7A-1 through 9-7A-15 NMSA 1978. It is responsible for administration of federal and state laws and regulations related to air quality, surface- and groundwater quality, solid waste disposal, underground storage tanks, radioactive materials, radiologic technology, occupational safety, and food safety. The department administers rural water and wastewater infrastructure loans and monitors federal Department of Energy and Department of Defense facilities within New Mexico for nonradioactive hazardous materials.

**Mission**

The Department of Environment (NMED) preserves and protects surface- and groundwater, air quality, and land in New Mexico. The department also protects the safety and health of the state's citizens by regulating, monitoring, and inspecting public facilities and establishments.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	15,396.2	20,279.5	23,679.0	22,309.2	10.0
Other Transfers	38,111.2	41,774.2	43,091.1	43,091.1	3.2
Federal Revenues	23,885.8	36,299.2	35,011.0	35,011.0	(3.5)
Other Revenues	48,470.1	44,220.0	38,250.2	38,250.2	(13.5)
Fund Balance	0.0	11,585.7	20,266.7	20,266.7	74.9
<b>TOTAL SOURCES</b>	<b>125,863.3</b>	<b>154,158.6</b>	<b>160,298.0</b>	<b>158,928.2</b>	<b>3.1</b>
<b>USES</b>					
Personal Services and Employee Benefits	46,703.0	63,455.4	64,374.4	64,870.7	2.2
Contractual Services	12,492.6	22,134.4	22,691.7	23,416.7	5.8
Other	19,421.2	29,203.1	31,200.5	28,609.4	(2.0)
Other Financing Uses	35,497.4	39,365.7	42,031.4	42,031.4	6.8
<b>TOTAL USES</b>	<b>114,114.2</b>	<b>154,158.6</b>	<b>160,298.0</b>	<b>158,928.2</b>	<b>3.1</b>
<b>FTE</b>					
Permanent	398.7	311.5	304.6	304.6	(2.2)
Term	291.0	411.0	393.9	393.9	(4.2)
<b>TOTAL FTE</b>	<b>689.7</b>	<b>722.5</b>	<b>698.5</b>	<b>698.5</b>	<b>(3.3)</b>

**At A Glance**

The Environment Department (NMED) requested a total budget of \$160.3 million, \$6.1 million, or 4 percent, more than the FY23 operating budget. NMED's FY24 request increased general fund revenue by \$3.4 million, or 16.8 percent. The agency requested \$2.6 million in new general fund appropriations for agency lease costs to free up money for other unspecified purposes and transferred approximately \$500 thousand from other programs to the Administrative Services Division to consolidate other overhead costs. As of September 2022, the agency had approximately 120 funded vacant FTE.

The LFC recommendation increases the FY24 general fund appropriation by \$2 million, or 10 percent, and includes an increase of \$6.2 million from other revenues, fund balance, and federal funds. Overall, the recommendation provides an additional \$4.8 million in expenditure authority for vacancy rate reduction, recruitment and retention, contractual services, and other operating costs. Except for transferring IT positions among programs, the committee recommends reclassifying existing vacant positions rather than adding new ones to the agency's base budget due to NMED's funded vacancy rate of 21 percent.

**Budget Issues**

**Revenues.** In addition to \$35 million in federal revenue, NMED relies heavily on special revenue from various application, certification, and permitting fees. The LFC recommendation includes \$101.6 million from other revenues, transfers, and fund balances. The agency requested, and LFC recommends, \$11.6 million from the corrective action fund (CAF) to cover expenditures related to the corrective action program. Notably, some of NMED's special revenue fund balances have been declining because fees and penalties have not been updated to keep pace with program costs and inflation. While some fee increases must be approved only by the Environmental Improvement Board (EIB), which NMED can directly petition, others are set in

statute. NMED proposed legislation in 2021 to increase fees on operators of public water systems to fund services the agency provides to those systems, such as sampling and analysis of contaminants in drinking water. These fees have not been increased since their implementation in 1993, and previous attempts to increase the fees, including through legislation, have been unsuccessful.

**Water Protection.** Since FY21, the Water Protection Program has worked to identify and address water contaminated with per- and polyfluoroalkyl substances (PFAS) and other emerging contaminants, provide technical assistance and training to more than 3,000 drinking water and wastewater utility operators, and contribute scientific analysis on the treatment and use of produced water for purposes outside the oil and gas sector to the New Mexico Produced Water Research Consortium. The program has also implemented rules to lower interest rates for water infrastructure loans and updating water quality management and monitoring plans.

LFC recommends a general fund increase of \$200 thousand for water resource professionals to work on climate and drought resilience, water quality data collection, emerging contaminants, and regulatory compliance in the Surface Water Quality, Drinking Water, and Groundwater Quality bureaus. The recommendation additionally adds \$300 for contract engineers to assist with project management in the Construction Programs Bureau. The Water Protection Program currently has 47 vacant FTE. LFC recommends reclassifying long-term vacant positions and targeting salary increases to improve the retention of water resource professionals. Increases to other state revenues are also recommended to fund vacant FTE not supported by the general fund and to cover the costs of increased contractual services expenditures related to rising water quality testing costs and other professional services.

**Resource Protection.** Staff in the Resource Protection Division (RPD) are responsible for inspections of infectious waste generators, such as hospitals and healthcare clinics, which remained a high priority throughout the past several years amid the Covid-19 pandemic. RPD is also responsible for environmental monitoring of large hazardous material storage sites, including Los Alamos National Laboratory and the Waste Isolation Pilot Plant.

NMED's general fund request for RPD included a reduction in general fund appropriations to transfer \$468.3 thousand for leased space cost and a transfer of 2.3 FTE to consolidate IT positions in the Resource Management Program. The request increased transfers based on projected revenue and balances for the hazardous waste fund and hazardous waste emergency fund by \$314.4 thousand.

LFC recommends a general fund increase of \$220 thousand for attorneys and engineers. The Resource Protection Program currently has 37 vacant FTE. LFC recommends reclassifying long-term vacant positions, targeting salary increases to improve retention, and increasing contractual services expenditures related to rising hazardous waste inspection costs and other professional services.

**Environmental Protection.** In FY22, the Environmental Protection Program implemented core air quality control program activities. It worked with the New Mexico Climate Change Task Force to develop rules to reduce volatile organic compounds and oxides of nitrogen emissions in the oil and gas industry. In the program's Environmental Health Division, the development of the hemp program expanded to include a new edible cannabis manufacturing program. The division also hired 15 specialists under an agreement with the Department of Health to manage pandemic response and assist businesses in reporting cases, controlling transmission, and developing prevention programs and strategies. The Occupational Health and Safety Bureau completed 16 workplace fatality investigations, including the high-profile fatality on the *Rust* movie set.

The Environmental Protection Program's FY24 base budget request increased general fund revenue by \$491.3 thousand for hemp and cannabis permitting, monitoring, and enforcement activities. The committee recommendation fully funds the agency's requested increase and adds \$100 for targeted pay raises.

**Resource Management.** The agency's Resource Management Program contains its Administrative Services Division, Office of General Counsel, Human Resources Bureau, Information Technology, and Office of Strategic Initiatives. Over half of the agency's requested general fund increase, \$2.7 million, is in this program. The agency's stated goal is to centralize all costs for leased space to allow greater flexibility in the use of office space. While both the agency request and the committee recommendation aim to decrease chronically high vacancy rates and improve program performance, the lack of a clearly articulated plan to spend the other state funds freed up by the injection of general fund on programmatic improvements led to the difference in the recommendation.

The committee recommendation supports the consolidation of IT positions within the Resource Management Program but does not support the transfer of general fund revenue for leased space costs. The committee also recommends an additional \$300 thousand above the agency's request to reduce the program's 22 percent vacancy rate and increase contractual services expenditures related to rising testing costs and other professional services.

## **RESOURCE MANAGEMENT PROGRAM**

The purpose of the resource management program is to provide overall leadership, administrative, legal and information management support to all programs within the department. This support allows the department to operate in the most responsible, efficient and effective manner so the public can receive the information it needs to hold the department accountable.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	2,869.0	4,220.1	7,629.6	5,038.5	19.4
Other Transfers	3,198.1	3,122.8	3,324.0	3,324.0	6.4
Federal Revenues	1,856.9	2,465.9	2,460.4	2,460.4	(0.2)
Fund Balance	0.0	300.0	200.0	200.0	(33.3)
<b>TOTAL SOURCES</b>	<b>7,924.0</b>	<b>10,108.8</b>	<b>13,614.0</b>	<b>11,022.9</b>	<b>9.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	6,082.4	8,033.3	8,439.1	8,439.1	5.1
Contractual Services	396.7	577.3	1,155.2	1,155.2	100.1
Other	1,019.6	1,498.2	4,019.7	1,428.6	(4.6)
<b>TOTAL USES</b>	<b>7,498.7</b>	<b>10,108.8</b>	<b>13,614.0</b>	<b>11,022.9</b>	<b>9.0</b>
<b>FTE</b>					
Permanent	67.0	46.0	46.0	46.0	0.0
Term	23.3	34.3	39.3	39.3	14.6
<b>TOTAL FTE</b>	<b>90.3</b>	<b>80.3</b>	<b>85.3</b>	<b>85.3</b>	<b>6.2</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Total dollars collected and transferred to the general fund resulting from successful prosecutions and/or settlements stemming from non-compliance with laws, rules or permits administered by the department	NEW	\$2,351,183	\$500,000	\$500,000	\$500,000
Output	Percent of department financial transactions completed online by the public or regulated community	NEW	18%	50%	50%	55%

**WATER PROTECTION PROGRAM**

The purpose of the water protection program is to protect and preserve the ground, surface and drinking water resources of the state for present and future generations. The program also helps New Mexico communities develop sustainable and secure water, waste water and solid waste infrastructure through funding, technical assistance and project oversight.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	3,633.5	5,372.0	5,339.0	5,872.0	9.3
Other Transfers	7,974.2	9,838.6	11,246.0	11,246.0	14.3
Federal Revenues	8,056.7	19,564.4	17,654.4	17,654.4	(9.8)
Other Revenues	256.5	100.0	100.0	100.0	0.0
<b>TOTAL SOURCES</b>	<b>19,920.9</b>	<b>34,875.0</b>	<b>34,339.4</b>	<b>34,872.4</b>	<b>(0.0)</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	12,751.0	18,032.5	18,387.1	18,495.1	2.6
Contractual Services	5,037.5	11,486.6	11,691.2	12,116.2	5.5
Other	2,710.7	5,258.8	4,118.6	4,118.6	(21.7)
Other Financing Uses	0.0	97.1	142.5	142.5	46.8
<b>TOTAL USES</b>	<b>20,499.2</b>	<b>34,875.0</b>	<b>34,339.4</b>	<b>34,872.4</b>	<b>(0.0)</b>
<b>FTE</b>					
Permanent	100.3	72.3	68.1	68.1	(5.9)
Term	87.3	119.3	123.2	123.2	3.3
<b>TOTAL FTE</b>	<b>187.6</b>	<b>191.6</b>	<b>191.3</b>	<b>191.3</b>	<b>(0.2)</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Output	Number of nonpoint source impaired waterbodies restored by the department relative to the number of impaired water bodies	NEW	1/4	1/4	1/4	1/4
Outcome	Reduction in nonpoint source sediment loading attributed to implementation of watershed restoration and on-the-ground improvement projects	NEW	394.0	200.0	900.0	900.0
Output	Percent of surface water permittees inspected	NEW	155%	10%	100%	100%
Output	Number of superfund sites cleaned up as compared to the number of superfund sites remaining	NEW	0/0	0/2	0/0	0/2
Output	Number of new water infrastructure projects	NEW	114.0	100.0	100.0	125.0
Outcome	Percent of the population served safe and healthy drinking water	97%	91%	95%	95%	95%
Outcome	Number of community water system violations returned to compliance as a result of NMED assistance	NEW	144.0	500.0	500.0	500.0
Outcome	Number of drinking water systems serving drinking water that did not meet at least one standard compared to the total number of drinking water systems	NEW	230/6	260/6	200/6	200/6
Output	Percent of ground water permittees inspected	19%	21%	65%	65%	70%
Outcome	Percent of groundwater permittees in violation	NEW	10%	15%	10%	8%
Outcome	Quantity of nutrient-based pollutants (nitrogen / phosphorus) reduced due to implementation of watershed restoration and on-the-ground improvement projects, in pounds	NEW	941.0	650.0	1,300.0	1,300.0
* Outcome	Percent of ground water permittees in compliance	NEW	94%	85%	90%	93%
Outcome	Number of brownfield acres of contaminated land cleaned up and available for reuse	NEW	44.0	75.0	20.0	20.0
Outcome	Percent of surface water permittees in compliance	NEW	42%	85%	85%	88%
Output	Investments in water infrastructure, in dollars	NEW	\$31,017,102	\$30,000,000	\$30,000,000	\$30,000,000

**RESOURCE PROTECTION PROGRAM**

The purpose of the resource protection program is to monitor and provide regulatory oversight of the generation, storage, transportation and disposal of wastes in New Mexico. The program also oversees the investigation and cleanup of environmental contamination covered by the Resource Conservation and Recovery Act.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	2,165.9	2,261.3	1,793.0	2,481.3	9.7
Other Transfers	8,823.4	10,008.9	10,323.3	10,323.3	3.1
Federal Revenues	3,209.9	5,655.7	5,262.9	5,262.9	(6.9)
<b>TOTAL SOURCES</b>	<b>14,199.2</b>	<b>17,925.9</b>	<b>17,379.2</b>	<b>18,067.5</b>	<b>0.8</b>
<b>USES</b>					
Personal Services and Employee Benefits	9,635.6	12,913.7	13,042.8	13,431.1	4.0
Contractual Services	1,690.5	2,974.4	3,137.3	3,437.3	15.6
Other	1,739.5	2,037.8	1,199.1	1,199.1	(41.2)
<b>TOTAL USES</b>	<b>13,065.6</b>	<b>17,925.9</b>	<b>17,379.2</b>	<b>18,067.5</b>	<b>0.8</b>
<b>FTE</b>					
Permanent	40.3	33.3	34.0	34.0	2.0
Term	79.3	113.3	110.3	110.3	(2.6)
<b>TOTAL FTE</b>	<b>119.6</b>	<b>146.6</b>	<b>144.3</b>	<b>144.3</b>	<b>(1.6)</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of solid waste facilities and infectious waste generators not in compliance with New Mexico solid waste rules.	N/A	N/A	N/A	N/A	N/A
* Outcome	Percent of hazardous waste facilities in compliance	NEW	58%	85%	90%	93%
Output	Percent of solid and infectious waste management facilities inspected	NEW	47%	85%	85%	88%
* Outcome	Percent of solid and infectious waste management facilities in compliance	NEW	96%	85%	85%	90%
Outcome	Percent of hazardous waste facilities in violation	NEW	42%	15%	10%	8%
Output	Percent of hazardous waste facilities inspected	NEW	4%	6%	12%	25%
Output	Percent of ionizing/non-ionizing radiation sources inspected	NEW	13%	85%	85%	88%
Output	Number of underground storage tank sites cleaned up compared to the total number of leaking underground petroleum storage tank sites remaining	NEW	20/9	20/9	20/9	20/9
Outcome	Percent of new or modified liquid waste systems in violation	NEW	0%	15%	15%	13%
Outcome	Percent of solid and infectious waste management facilities in violation	NEW	5%	15%	15%	5%
Output	Number of completed cleanups of petroleum storage tank release sites that require no further action	NEW	1,964.0	1,958.0	1,976.0	1,976.0

**ENVIRONMENTAL PROTECTION PROGRAM**

The purpose of the environmental protection program is to ensure New Mexicans breathe healthy air, to protect public health and the environment through specific programs that provide regulatory oversight of food service and food processing facilities, on-site treatment and disposal of liquid wastes, public swimming pools and baths and medical radiation and radiological technologists certification and to ensure every employee has safe and healthful working conditions.

**BUDGET SUMMARY**  
(dollars in thousands)

	<b>FY22 2021-2022</b>	<b>FY23 2022-2023</b>	<b>FY24 2023-2024</b>		
	<b>Actuals</b>	<b>Budgeted</b>	<b>Agency Request</b>	<b>LFC Recommendation</b>	<b>Percent Inc (Decr)</b>
<b>SOURCES</b>					
General Fund Transfers	6,727.8	8,426.1	8,917.4	8,917.4	5.8
Other Transfers	16,315.4	18,803.9	18,197.8	18,197.8	(3.2)
Federal Revenues	2,983.3	6,031.2	5,371.3	5,371.3	(10.9)
Other Revenues	145.3	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>26,171.8</b>	<b>33,261.2</b>	<b>32,486.5</b>	<b>32,486.5</b>	<b>(2.3)</b>
<b>USES</b>					
Personal Services and Employee Benefits	18,234.0	24,475.9	24,505.4	24,505.4	0.1
Contractual Services	899.3	2,106.1	1,718.0	1,718.0	(18.4)
Other	3,676.5	6,679.2	6,263.1	6,263.1	(6.2)
<b>TOTAL USES</b>	<b>22,809.8</b>	<b>33,261.2</b>	<b>32,486.5</b>	<b>32,486.5</b>	<b>(2.3)</b>
<b>FTE</b>					
Permanent	191.0	159.8	156.5	156.5	(2.1)
Term	101.3	144.3	121.3	121.3	(15.9)
<b>TOTAL FTE</b>	<b>292.3</b>	<b>304.1</b>	<b>277.8</b>	<b>277.8</b>	<b>(8.6)</b>

**PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Outcome	Number of restaurants/food manufacturers that did not meet at least one standard compared to the total number of restaurants/food manufacturers.	N/A	N/A	N/A	N/A	N/A
* Outcome	Percent of the population breathing air meeting federal health standards	NEW	98%	95%	95%	95%
Outcome	Amount of nitrogen oxides emitted statewide, in tons	NEW	214,858.0	123,215.0	123,215.0	123,215.0
Output	Percent of air emitting sources inspected	NEW	20%	50%	50%	60%
Outcome	Percent of ionizing/non-ionizing radiation sources in compliance	NEW	96%	85%	87%	90%
Outcome	Amount of nitrogen oxides emitted illegally, in tons	NEW	197.0	7,000.0	7,000.0	5,000.0
Outcome	Percent of restaurants/food manufacturers in violation	NEW	41%	15%	15%	13%
Outcome	Percent of ionizing/non-ionizing radiation sources in violation	NEW	4%	15%	10%	13%
Outcome	Amount of volatile organic compounds emitted statewide, in tons	NEW	270,583.0	90,986.0	90,986.0	90,986.0
Outcome	Percent of new or modified liquid waste systems in compliance	NEW	100%	85%	85%	88%
Outcome	Percent of air emitting sources in compliance	NEW	70%	85%	85%	88%
Output	Percent of restaurants/food manufacturers inspected	NEW	90%	80%	85%	90%



## PERFORMANCE MEASURES

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Output	Percent of new or modified liquid waste systems inspected	NEW	82%	85%	85%	88%
Outcome	Amount of volatile organic compounds emitted illegally, in tons	NEW	933.0	5,000.0	5,000.0	4,500.0
Outcome	Percent of air emitting sources in violation	NEW	30%	15%	15%	15%
* Outcome	Employers that did not meet occupational health and safety requirements for at least one standard	NEW	66%	55%	55%	50%
Outcome	Percent of restaurants/food manufacturers in compliance	NEW	59%	85%	85%	88%

**Statutory Authority**

The Office of the Natural Resources Trustee (ONRT) was created by Sections 75-7-1 through 75-7-5 NMSA 1978. To carry out the statutorily required responsibilities, ONRT is authorized to assess natural resource damages throughout the state, negotiate and settle damage claims without legal intervention, and manage natural resource restoration plans. Settlements paid by responsible parties into the natural resources trustee fund are used to fund the costs of natural resource damage assessments and the costs of natural resource restoration activities. The natural resources trustee fund is also used as the repository for settlement monies reimbursed to the agency for actual costs incurred by the agency in the investigation, recovery, and settlement process. ONRT is administratively attached to the Environment Department.

**Mission**

The Office of the Natural Resources Trustee is charged with restoring or replacing natural resources or resource services damaged by hazardous substances released into the environment or oil discharges into water. Natural resources include air, surface water, groundwater, and biological and geological resources.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	424.0	665.3	665.3	665.3	0.0
Other Transfers	7.0	0.0	0.0	0.0	0.0
Other Revenues	1,076.4	0.0	0.0	0.0	0.0
Fund Balance	0.0	4,505.0	4,505.0	4,505.0	0.0
<b>TOTAL SOURCES</b>	<b>1,507.4</b>	<b>5,170.3</b>	<b>5,170.3</b>	<b>5,170.3</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	456.3	635.7	629.3	629.3	(1.0)
Contractual Services	703.2	4,500.0	4,500.0	4,500.0	0.0
Other	24.7	34.6	41.0	41.0	18.5
<b>TOTAL USES</b>	<b>1,184.2</b>	<b>5,170.3</b>	<b>5,170.3</b>	<b>5,170.3</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	4.0	5.0	5.0	5.0	0.0
<b>TOTAL FTE</b>	<b>4.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>0.0</b>

**At A Glance**

ONRT is primarily funded by settlement revenue from environmental lawsuits and a recurring appropriation from the general fund to pay for operating expenses and personnel. For FY24, the agency requested a budget of \$5.2 million, made up of \$665.3 thousand in general fund appropriations and \$4.5 million from the balance of the natural resources trustee fund. The agency requested a decrease in the personal services and employee benefits category of \$6,400 thousand and an equivalent increase in the other costs category. The general fund request was identical to ONRT's FY23 operating budget, as was the agency's fund balance request.

In 2022, the agency received a \$500 thousand appropriation to replenish the insolvent revolving damage assessment fund, which accelerated three damage assessments; including the National Aeronautics and Space Administration's White Sands Test Facility in Dona Ana and Socorro counties, the Rio Algom Mill and Nine Mines in McKinley County, and the Bonita Peak Mining District Superfund Site in San Juan County.

**Budget Issues**

ONRT completed one multi-year restoration project, continued work on 13 projects, and initiated four new projects in late FY22. Restoration projects include constructing erosion control structures, removing invasive and noxious vegetation, creating wetland ponds, expanding wastewater systems to protect surface water and groundwater from contamination, and more. ONRT completed the Cimarron River trout habitat restoration project and continued work on the Freeport McMoRan, Chevron Questa Mine, AT&SF/Tie Treater Superfund site, and the Chevron South Valley Superfund site. ONRT successfully recovered \$11.45 million for natural resource injuries in FY22 from two settlements: \$1.45 million for contamination at Fort Wingate Army Depot and \$10 million for the release of hazardous substances related to the Gold King Mine spill.

ONRT encountered delays and cost increases on some restoration projects due to staffing issues with project partners, availability of contractors, and supply chain issues. As a result, some restoration projects have proceeded slower than expected, and funding dedicated to those projects has not been expended. The agency did not request an increase over FY23, and its request for the contracts and other cost categories remains at the FY23 level. A flat base budget will allow the agency to maintain current services and accommodate an increasing natural resource damage assessment caseload and restoration projects resulting from case settlements. The agency is working to fill one budget analyst position and successfully hired an executive director and water resources professional in 2022.

#### **OFFICE OF THE NATURAL RESOURCES TRUSTEE**

The purpose of the natural resources trustee program is to restore or replace natural resources injured or lost due to releases of hazardous substances or oil into the environment.

#### **PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Outcome	Number of acres of habitat benefiting from restoration	12,891.0	12,894.0	12,750.0	12,000.0	12,750.0
Outcome	Number of acre-feet of water conserved, restored or protected	1,071.0	1,084.0	1,100.0	1,000.0	1,125.0

**Statutory Authority**

Sections 9-22-1 through 9-22-20 NMSA 1978 establish the Veterans' Services Department (VSD). The secretary is appointed by the governor with confirmation by the Senate. The department consists of the Field Services, State Benefits, and Administrative Services divisions. The Veterans' Services Advisory Board consists of five members appointed by the governor from different geographical regions of the state to advise the secretary and department staff on matters of interest to New Mexico veterans.

**Mission**

VSD disseminates information regarding laws beneficial to veterans, their surviving spouses, and dependent children; assists veterans and their dependents in the preparation and initiation of claims against the United States as a result of military service; and assists veterans, their surviving spouses, and their children in establishing the benefits and privileges to which they are entitled.

The department supports 180 thousand veterans statewide through outreach services in the department's 19 field offices and contractors who serve rural, women and Native American veterans. The agency administers the Military Honors Program ensuring deceased veterans are provided a military funeral complete with bugler and flag ceremony.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	5,510.8	6,150.1	7,577.9	6,421.3	4.4
Other Transfers	621.2	0.0	0.0	0.0	0.0
Federal Revenues	482.2	784.0	784.0	784.0	0.0
Other Revenues	265.6	250.0	250.0	250.0	0.0
Fund Balance	0.0	0.0	0.0	100.0	0.0
<b>TOTAL SOURCES</b>	<b>6,879.8</b>	<b>7,184.1</b>	<b>8,611.9</b>	<b>7,555.3</b>	<b>5.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	4,055.2	5,276.8	5,944.8	5,363.0	1.6
Contractual Services	465.5	610.1	1,524.8	1,050.0	72.1
Other	974.5	1,297.2	1,142.3	1,142.3	(11.9)
<b>TOTAL USES</b>	<b>5,495.2</b>	<b>7,184.1</b>	<b>8,611.9</b>	<b>7,555.3</b>	<b>5.2</b>
<b>FTE</b>					
Permanent	66.0	70.0	70.0	70.0	0.0
Term	3.0	4.0	4.0	4.0	0.0
<b>TOTAL FTE</b>	<b>69.0</b>	<b>74.0</b>	<b>74.0</b>	<b>74.0</b>	<b>0.0</b>

**At A Glance**

The Veterans' Services Department (VSD) base request for general fund revenue was a nearly \$1.4 million increase, or 23 percent above the FY23 operating budget. After returning operations of the Truth or Consequences Veteran's Home to the Department of Health in FY20, the Veterans' Services Department is focusing on the department's traditional mission to provide outreach and assistance to New Mexico veterans and operation of state veteran cemeteries. The committee recommendation includes a general fund increase of 3 percent or \$185 thousand and increases fund balances \$100 thousand, for a total increase of 4 percent for honor guard and transportation services.

**Budget Issues**

The agency request primarily increased personnel spending to reduce the vacancy rate. In total, the department has 26 veterans services officers (VSOs) and five were vacant as of October 2022. The FY23 operating budget has an estimated \$938.7 thousand for vacant positions. Given the funded vacancy rate of nearly 18 percent, the LFC recommendation does not increase personnel funding for FY24. The LFC recommendation supports the agency federal revenue request, which includes a federal grant for veteran transportation. In addition, the LFC recommendation increases fund balances by \$100 thousand and general fund by \$85 thousand to expand veteran transportation services. Finally, the LFC general fund recommendation includes an increase of \$100 thousand requested by the department for honor guard services.

**Veterans' Cemeteries.** The department completed construction of the Fort Stanton Veterans' Cemetery in 2017 and the Gallup Veterans' Cemetery in 2018. Adjacent to the Vietnam Veterans' Memorial, the Angel Fire cemetery opened in 2020. As of October 2022, current capital projects at the cemeteries include erosion control and landscaping at Fort Stanton and Angel Fire, because of a heavy monsoon season, and a sound wall for noise reduction in Gallup. The department is also slated to complete the cemetery in Carlsbad in FY24. While the federal government funds most of the cemetery construction, the state must then operate and maintain the facility, resulting in long-term financial demands on the state.

### **VETERANS' SERVICES DEPARTMENT**

The purpose of the veterans' services program is to carry out the mandates of the New Mexico legislature and the governor to provide information and assistance to veterans and their eligible dependents to obtain the benefits to which they are entitled to improve their quality of life.

### **Recommended Language**

The general fund appropriation includes eight-six thousand 200 hundred dollar (\$86,200) for compensation increases for veteran's services officers.

### **PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Explanatory	Number of eligible deceased veterans and family members interred in a regional state veterans cemetery	N/A	N/A	N/A	N/A	N/A
* Quality	Percent of veterans surveyed who rate the services provided by the agency as satisfactory or above	95%	82%	95%	95%	95%
* Explanatory	Number of veterans and families of veterans served by veterans' services department field offices	9,999.0	6,209.0	N/A	N/A	N/A

**Statutory Authority**

The Office of Family Representation and Advocacy is authorized under Section 32A-27-1 through Section 32A-27-13 NMSA 1978. The office is governed by a commission consisting of 13 members, including three members appointed by the governor, five members appointed by the chief justice of the Supreme Court, one member appointed by the speaker of the House of Representatives, one member appointed by the president pro tem of the Senate, and several other members representing higher education institutions and the public.

The office appoints, compensates, evaluates, and retains attorneys and other staff to provide legal representation for eligible adults under the Fostering Connections Act, Section 32A-26-1 NMSA 1978, and for children and parents, custodians, or guardians whose children are, or are at risk of being placed, in the legal custody of the Children, Youth and Families Department.

**Mission**

The mission of the Office of Family Representation and Advocacy is to provide high-quality legal representation for children, youth, parents, and guardians in child abuse and neglect legal proceedings with the goal of safe and timely permanency, either through reunification, adoption, or independence for youth aging out of the child welfare system.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	0.0	0.0	13,589.0	6,530.0	0.0
Other Transfers	0.0	0.0	0.0	1,500.0	0.0
Federal Revenues	0.0	0.0	0.0	1,500.0	0.0
<b>TOTAL SOURCES</b>	<b>0.0</b>	<b>0.0</b>	<b>13,589.0</b>	<b>9,530.0</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	0.0	0.0	7,406.2	5,194.0	0.0
Contractual Services	0.0	0.0	5,549.2	3,891.7	0.0
Other	0.0	0.0	633.6	444.3	0.0
<b>TOTAL USES</b>	<b>0.0</b>	<b>0.0</b>	<b>13,589.0</b>	<b>9,530.0</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	0.0	0.0	82.0	49.0	0.0
<b>TOTAL FTE</b>	<b>0.0</b>	<b>0.0</b>	<b>82.0</b>	<b>49.0</b>	<b>0.0</b>

**At A Glance**

The Office of Family Representation and Advocacy was created as a standalone agency during the 2022 legislative session. Fiscal year 2024 is the first year the office is requesting a budget separate from the Administrative Office of the Courts (AOC), where the Office of Family Representation was previously housed. The office's FY24 request for \$13.6 million from the general fund would more than double general fund revenue the program received when it was part of AOC. The request did not include federal Title IV-E foster care services revenue, which amounted to about \$2.5 million in FY22 at AOC. Spending on personnel costs would significantly increase while contractual spending would decrease, turning more of the attorneys who were contractors at AOC into permanent employees of the office. The office requested 82 FTE but as of September had none.

Because the office's consultant projected the office would garner \$3 million in federal funds in FY24, LFC supports the 17.6 percent increase in federal Title IV-E revenue with some of the revenue coming from transfers from other agencies and some directly from the federal government. The office may also have other federal revenue opportunities, such as Medicaid direct billing or administrative claiming. LFC recommends \$6.5 million in general fund revenue, a 5 percent increase over the office's FY22 expenditures. In the uses categories, the recommendation distributes FY24 expenditures in the same proportions as was requested but sets total spending at \$9.5 million. LFC also recommends reducing spending in AOC by similar amounts as were expended in FY22.

**Budget Issues**

Given the tight labor market and the need for more skilled labor in New Mexico, the office is unlikely to fill 82 FTE in FY24 as requested. The office will be hard pressed to fill the 49 FTE LFC recommended but may require budget adjustments throughout the year as the office's spending patterns become more apparent. LFC recommended the increase in personnel spending because the committee supports the office's goal of reducing the

number of contract attorneys and increasing the number of more specialized and better trained attorneys and others within the office. The committee supports full budget adjustment authority and revisiting the budget next year.

Additionally, the agency requested the entire FY24 budget through 25 separate expansions. Because the office's budget is primarily the continuation of a program previously housed at AOC, the LFC recommendation would establish the agency's budget through the base and not through expansions as requested.

Senate Joint Memorial 19 from 2019 requested the Administrative Office of the Courts convene a Family Representation Task Force to recommend models for legal representation of children and parents in children's court proceedings for abuse and neglect proceedings to improve outcomes for children. The taskforce published a report and recommended the state create an independent agency, develop interdisciplinary legal team services, create infrastructure to support legal representation, and create a phased-in implementation plan. The office was established in statute in 2022. As of October 2022, all 13 members had been appointed to serve on the commission and a position was posted by AOC for the executive director's position.

The report calculated that creating the agency would result in annual savings to the child welfare system ranging from \$4.9 million to \$11.7 million. The stated goal of creating the office is to improve permanency, safety, and child and family well-being by reducing placement moves and safely maintaining children in their homes. The report cited several studies from other states, including one where a similar office in Washington State led to increased speed to reunification, adoption, or guardianship by 11 percent, 104 percent, and 83 percent, respectively, relative to a control group. Reductions in time to adoption and guardianship reduced average duration in care by approximately one year.

Because the agency had no director or other personnel when the office's budget request was made, the agency did not request performance measures. LFC recommends the office add performance measures related to increased time to permanency through reunification, adoption, and guardianship for FY25.

**BASE EXPANSION LISTING  
FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Admin Support	P682	375.0	0.0
0	Administrative Services Division Director	P682	152.2	0.0
0	Appellate Attorney	P682	136.9	0.0
0	Clerical	P682	63.2	0.0
0	Contract Manager	P682	189.3	0.0
0	Deputy Director	P682	163.6	0.0
0	Executive Director	P682	190.2	0.0
0	Financial Specialist II	P682	116.0	0.0
0	FSN	P682	1,385.8	0.0
0	GAL/YA	P682	788.4	0.0
0	HR Director	P682	142.4	0.0
0	HR Tech	P682	70.2	0.0
0	Interdisciplinary Division Director	P682	152.2	0.0
0	Investigators	P682	561.6	0.0
0	IT Director	P682	134.7	0.0
0	IT Tech	P682	69.7	0.0
0	Language Access Coordinator	P682	98.4	0.0
0	Lead GAL/YA	P682	296.8	0.0
0	Lead Respondent Attorneys	P682	296.8	0.0
0	Legal Division Director	P682	304.4	0.0
0	MSW	P682	327.6	0.0
0	Office of Family Representation and Advocacy	P682	6,182.8	0.0

BASE EXPANSION LISTING  
FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Paralegal	P682	442.8	0.0
0	Respondent Attorneys	P682	788.4	0.0
0	Site/Office Manager	P682	159.6	0.0
<b>TOTAL</b>			<b>13,589.0</b>	<b>0.0</b>



**Statutory Authority**

The Children, Youth and Families Department (CYFD) was created in 1992 pursuant to Sections 9-2A-1 through 9-2A-18 NMSA 1978. The department is responsible for state policies and programs to support children, youth, and families in need in such a manner as to promote self-sufficiency and to coordinate an integrated system of care and services for children, youth, and families among the various state agencies.

**Mission**

The mission of the Children, Youth and Families Department is to serve and support children and families and supervise youth in a responsive community-based system of care that is client-centered, family-focused, and culturally competent.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	210,924.9	239,901.7	273,674.2	247,302.2	3.1
Other Transfers	12,200.4	4,012.4	5,142.4	22,041.0	449.3
Federal Revenues	95,559.8	93,511.7	98,219.7	97,480.1	4.2
Other Revenues	245.6	4,867.1	4,601.4	4,601.4	(5.5)
Fund Balance	0.0	4,227.7	5,282.8	5,282.8	25.0
<b>TOTAL SOURCES</b>	<b>318,930.7</b>	<b>346,520.6</b>	<b>386,920.5</b>	<b>376,707.5</b>	<b>8.7</b>
<b>USES</b>					
Personal Services and Employee Benefits	141,998.8	160,891.7	172,424.8	170,899.8	6.2
Contractual Services	74,752.7	97,716.1	119,287.1	115,777.6	18.5
Other	89,087.8	87,912.8	92,509.6	90,030.1	2.4
Other Financing Uses	0.0	0.0	2,699.0	0.0	0.0
<b>TOTAL USES</b>	<b>305,839.3</b>	<b>346,520.6</b>	<b>386,920.5</b>	<b>376,707.5</b>	<b>8.7</b>
<b>FTE</b>					
Permanent	2,143.0	2,153.0	2,243.0	2,153.0	0.0
Term	12.0	15.0	14.0	15.0	0.0
Temporary	3.0	1.0	1.0	1.0	0.0
<b>TOTAL FTE</b>	<b>2,158.0</b>	<b>2,169.0</b>	<b>2,258.0</b>	<b>2,169.0</b>	<b>0.0</b>

**At A Glance**

For the past few years, the Children, Youth and Families Department (CYFD) was almost solely focused on meeting the demands of the *Kevin S.* lawsuit settlement, and the department's FY24 budget request is no different. Of the department's \$33.8 million, or 14.1 percent, requested increase for recurring general fund revenue, about 81 percent is for items related to addressing *Kevin S.* The request added 60 field support FTE to the Protective Services Program and would initiate appropriate placement salary adjustments for protective services workers. Other requested items include increased spending for youth aging out of foster care, primary intervention and prevention programming, and child advocacy. The request would also send \$2.7 million to the Human Services Department to match an additional \$7.3 million in federal Medicaid revenue to establish a managed care organization specializing in behavioral health services for children in CYFD custody.

The recommendation seeks to improve child outcomes by aligning the department's budget with national child welfare best practices and trends that prioritize evidence-based strategies for maximizing family unity and preventing the use of foster care, when appropriate, consistent with needed improvements in response to the *Kevin S.* lawsuit settlement. LFC also supports much of the request in the Protective Services Program for appropriate placement salary adjustments and to fill vacancies. The committee recommendation leverages more federal revenue than the request by transferring \$12 million from the early childhood trust fund to Medicaid for a \$41.8 million federal match for children's physical and behavioral health. Due to the availability of Temporary Assistance for Needy Families (TANF) revenue, LFC recommends using \$15.9 million in TANF revenue to boost investment in CYFD evidence-based services. The total recommended revenue increase to CYFD is \$30.2 million, or 8.7 percent.

**Budget Issues**

**Prevention and Intervention.** Between FY18 and FY22, CYFD preventive services expenditures grew from about \$1.1 million to \$11.1 million, a ten-fold increase, with most of the increase occurring in the last two years. During the same period, repeat maltreatment decreased from 17 percent to 14 percent, but remains well above the national average of 8 percent. Most of the increase in prevention services spending comes from increased general fund allotments and existing federal grants.

To continue increasing prevention funding, the department can continue working with the federal government on its Title IV-E Families First Prevention Services Act (FFPSA) plan, submitted in September 2022. If accepted, the federal government will provide matching funding for prevention services for children and families at risk of entering the foster care system by supporting evidence-based efforts for mental health, substance use prevention, treatment services, and in-home parent-skill-based services to reduce the number of children and families entering the child welfare system. However, one of the programs included in the department's plan, Family Connections, is not included in the FFPSA clearing house of evidence-based programs and the department's plan would use a portion of the FFPSA funding to evaluate the program.

Protective Services' request for general fund revenue included \$7.7 million to expand Family Connections. The committee's recommendation includes \$7.7 million, with language, for evidence-based prevention services that are well-supported, supported, or promising programs included on the federal government's Title IV-E FFPSA clearinghouse website. The LFC recommendation also includes an additional \$1 million from the early childhood trust fund for staffing the SafeCare home-visiting program of supports for new families, listed on the clearinghouse as a supported program.

LFC recommends using a total of \$15.9 million in federal Temporary Assistance for Needy Families (TANF) revenue to fund some of the increased CYFD spending and to offset some existing funding. TANF is available for many child welfare services, including relative foster care maintenance payments, adoption and guardianship subsidies, childcare for respite purposes, adoption services, and additional child welfare services for families who are at risk of or who are involved in the child welfare system.

The program's request also included another \$1.8 million for a call line for child behavioral health needs and \$2.5 million to replace federal dollars that supplied foster care and adoption services during the pandemic. However, as was reported in the November 2022 *Kevin S.* lawsuit settlement report, the department has been operating the call line since at least 2021 and has funding for it in the base. In addition, the Legislature never reduced state funding or took credit for increased federal revenue during the pandemic, therefore state funding does not need to be restored the department's budget for the public health emergency offset.

**Behavioral Health.** The request for the Behavioral Health Services Program included \$963.4 thousand to establish three community behavioral health clinician teams, each consisting of three staff and one supervisor licensed as social workers or counselors. The teams will provide clinical consultation to the Juvenile Justice and Protective Services youth teams. The request is a part of the Behavioral Health Collaborative and the department's strategic goals and a requirement of the *Kevin S.* lawsuit settlement. LFC supports the request for the teams.

The request also included \$2.7 million to transfer to the Human Services Department to be matched with another \$7.3 million in Medicaid revenue to establish a new managed care organization (MCO) specific to "children in custody". The department says the new MCO would help the state with oversight and ensuring children are receiving the services the state is paying for. The department also included a request for \$1.6 million in general fund revenue to replace revenue from federal grants that are ending that previously funded high fidelity wraparound services, family and youth peer support services, behavioral health respite, and mobile response and stabilization.

To sustain the services from the expiring federal grants and to support greater investment in services for children in custody, the LFC recommendation transfers \$12 million from the early childhood trust fund to the Human Services Department to be matched with \$42.3 million in federal Medicaid revenue. However, LFC does not support creating the children-in-custody MCO, which would likely result in more overhead. The funding is for children in custody and would go toward expanding behavioral health services, provider rate increases, and replacing and expanding the ending federal grants mentioned above.

**Workforce Development.** Workforce shortages are a blight on New Mexico's child welfare system, with high demand for social workers, caseworkers, and investigators continuing to cause high caseloads and, in some cases, missed opportunities to prevent abuse. Much of the worker shortage is due to poor recruitment and retention because working in the child welfare system is stressful and exposure to trauma is common. Additionally, many people recruited by the department have a skills, education, and licensure mismatch and leave due to a lack of training. A 2020 LFC evaluation report found CYFD regions with the highest caseloads had the highest rates of short-term placement in foster care and highlighted federal research showing staffing shortages have a detrimental effect on caseworker abilities to make well-supported and timely decisions regarding children's safety.

A recent CYFD workforce development plan and survey noted protective services staff ranked workload, self-care, and compensation as the most pressing challenges facing staff. Another highly ranked challenge was related to organizational factors, with many employees feeling that rules, policies, and procedures are not interpreted and applied consistently. The plan also notes the expense of onboarding a new employee of between \$12.8 thousand and \$25.7 thousand. For investigations, permanency planning, and placement workers, the department set a goal to not exceed a caseload

of more than 12, 15, and 25, respectively, by 2023. The workforce plan estimated it would take 85.7 FTE to reach this goal. The plan does not consider case complexity, which could change workload requirements.

LFC calculates in FY23 the Protective Services Program has 79 funded vacant positions. For FY24, the department requested to add 60 FTE in Protective Services, costing \$2.9 million in general fund revenue, and initiating an appropriate placement salary adjustment for an additional \$5.3 million in general fund revenue. The department later sent a revised estimate of the salary adjustment general fund cost at \$4.9 million for Protective Services and \$534.6 thousand for Behavioral Health Services.

Because there are 290 vacancies, including 79 funded vacancies in Protective Services current budget, LFC does not support adding more FTE. However, LFC supports funding an additional 28 vacancies and adding \$4.9 million in general fund revenue for appropriate placement salary adjustments. LFC also included \$534.6 thousand from the general fund for appropriate placement salary adjustments in the Behavioral Health Services Program. Additionally, in its special appropriation recommendation, LFC includes \$3 million to support the Children, Youth and Families Department's workforce development plan, including secondary trauma self-care support, training and professional development support, local recruitment campaigns, caseload improvement cross-training, evidence-based core competency model development, mentorship program development, leadership development, and higher education loan repayment. These items were included as a part of the department's workforce development plan.

**Accountability.** During the 2022 legislative session, the Children, Youth and Families and Human Services Departments received \$20 million to develop more behavioral health capacity and child welfare prevention services. Prior to 2022, legislative committees heard from constituents behavioral health capacity was lacking, and bridge funding was needed to build capacity so providers could then receive Medicaid or FFPSA reimbursement, which was the purpose of the \$20 million appropriation. After months of meetings, the two departments developed a plan with millions for training and coaching for things like trauma responsive care and domestic violence, but little in the way of capacity building for direct services. Some of the proposed spending may also be a recurring use without a direct bridge to eventually being eligible for Medicaid billing or federal FFPSA prevention program reimbursement.

The Children, Youth and Families Department's reversion at the end of FY22 totaled \$34.7 million, including \$8.8 million in unspent recurring general fund revenue and a \$23.5 million offset from federal coronavirus relief fund revenues. The largest recurring general fund reversion of \$5.3 million was from the Behavioral Health Services Program, with much of the unspent allocation coming from personnel costs and from the contractual services category, where there was a large increase for domestic violence programming. Another \$2.1 million was reverted from the Juvenile Justice Facilities Program, where the population decreased from a high of 257 juvenile justice clients in FY12 to 80 clients on November 18, 2022. An additional \$2.3 million was from FY21 Protective Services allocations that should have reverted at the end of FY21 but were identified during the department's FY22 financial audit.

In FY22, the department's performance was mixed. New Mexico consistently ranks among the top six states for repeat maltreatment occurring within 12 months of an initial allegation, and between FY21 and FY22, the department reported no progress on improving performance on this vital measure. However, progress was made in several other key areas, such as the rate of maltreatment victimizations in foster care, foster care speed to placement, foster care placements in kinship settings, and youth housing option increases.

The department's FY21 financial audit included six resolved findings and five new findings. The new findings were classified as significant deficiencies, material weaknesses, and noncompliance material weaknesses to the financial statements. Findings were for management overriding procurement code controls, nepotism, use of IT systems to sidestep records retention policies, an inadequate policy for detecting vendor fraud, and late responses to state auditor fact-finding requests. The management override finding was related to previous leadership working around existing policies and the chief procurement officer to establish a preferred vendor for the department's child welfare information system replacement project. The leadership has been replaced, and the department issued a request for proposals to obtain the best available price and treat vendors fairly and equitably. The nepotism finding was related to a mother approving her son's timesheets and allowing telework to be claimed when there was no telework agreement in place and the son had called in sick for some of the days in question.

All of CYFD's \$57.3 million in active capital outlay projects were rated as green for on-schedule in LFC's \$1 million or greater capital outlay quarterly report published in November. Current balances for these projects total \$25.8 million, or 45 percent, with most balances related to appropriations made during the 2022 legislative session. Bonds were sold in September 2022 for \$7.7 million in appropriations for building more group placement facilities. However, in the past the department discussed seeking to reappropriate this funding for other uses. CYFD was also appropriated \$8.5 million to purchase a Santa Fe field services building because the lease at the current field services building location is ending. As of December, this project was in the request-for-proposals phase.

**BASE EXPANSION LISTING  
FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	New Program Support FTE (3 Tribal Affairs Office FTE)	P576	276.0	0.0
2	Protective Services New FTE Request	P578	5,134.2	0.0
3	Behavioral Health Services New FTE Request	P800	1,566.9	0.0
<b>TOTAL</b>			<b>6,977.1</b>	<b>0.0</b>

**JUVENILE JUSTICE FACILITIES**

The purpose of the juvenile justice facilities program is to provide rehabilitative services to youth committed to the department, including medical, educational, mental health and other services that will support their rehabilitation.

**BUDGET SUMMARY  
(dollars in thousands)**

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	64,554.3	69,445.1	69,445.1	69,445.1	0.0
Other Transfers	5,295.9	423.9	1,323.1	1,323.1	212.1
Federal Revenues	273.9	460.0	553.9	553.9	20.4
Other Revenues	46.7	1,553.7	1,677.6	1,677.6	8.0
Fund Balance	0.0	4,227.7	5,204.6	5,204.6	23.1
<b>TOTAL SOURCES</b>	<b>70,170.8</b>	<b>76,110.4</b>	<b>78,204.3</b>	<b>78,204.3</b>	<b>2.8</b>
<b>USES</b>					
Personal Services and Employee Benefits	50,217.0	57,648.0	56,147.8	56,147.8	(2.6)
Contractual Services	8,281.6	11,509.6	14,203.5	14,203.5	23.4
Other	6,192.0	6,952.8	7,853.0	7,853.0	12.9
<b>TOTAL USES</b>	<b>64,690.6</b>	<b>76,110.4</b>	<b>78,204.3</b>	<b>78,204.3</b>	<b>2.8</b>
<b>FTE</b>					
Permanent	806.0	766.0	766.0	766.0	0.0
Temporary	1.0	1.0	1.0	1.0	0.0
<b>TOTAL FTE</b>	<b>807.0</b>	<b>767.0</b>	<b>767.0</b>	<b>767.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Turnover rate for youth care specialists	19%	39%	21%	21%	21%
Outcome	Percent of clients who successfully complete formal probation	90%	88%	87%	87%	95%
Output	Number of substantiated complaints by clients of abuse or neglect in juvenile justice facilities	21.0	2.0	5.0	5.0	3.0

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of Indian Child Welfare Act youth formally supervised in the community who are in an appropriate placement	61%	0%	90%	0%	90%
* Outcome	Percent of youth discharged from active field supervision who did not recidivate in the following two-year time period	18%	85%	80%	80%	90%
* Outcome	Percent of youth discharged from a secure facility who did not recidivate in the following two year time period	33%	65%	55%	55%	70%
Outcome	Percent of Indian Family Protection Act youth formally supervised in the community whose tribe was notified of juvenile justice involvement	73%	85%	75%	75%	90%
Outcome	Rate of physical assaults per one thousand days youth spent in facilities	224.0	0.0	245.0	3.8	3.8

**PROTECTIVE SERVICES**

The purpose of the protective services program is to receive and investigate referrals of child abuse and neglect and provide family preservation and treatment and legal services to vulnerable children and their families to ensure their safety and well-being.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	97,065.9	110,545.6	138,452.0	116,348.1	5.2
Other Transfers	4,348.0	2,289.4	2,289.4	19,188.0	738.1
Federal Revenues	84,402.1	81,048.4	85,662.5	85,662.5	5.7
Other Revenues	197.9	1,890.4	1,890.4	1,890.4	0.0
Fund Balance	0.0	0.0	78.2	78.2	0.0
<b>TOTAL SOURCES</b>	<b>186,013.9</b>	<b>195,773.8</b>	<b>228,372.5</b>	<b>223,167.2</b>	<b>14.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	71,068.1	78,116.8	88,535.8	87,760.0	12.3
Contractual Services	32,062.0	42,405.4	59,644.1	57,694.1	36.1
Other	77,187.6	75,251.6	80,192.6	77,713.1	3.3
<b>TOTAL USES</b>	<b>180,317.7</b>	<b>195,773.8</b>	<b>228,372.5</b>	<b>223,167.2</b>	<b>14.0</b>
<b>FTE</b>					
Permanent	1,051.0	1,102.0	1,162.0	1,102.0	0.0
Term	8.0	9.0	9.0	9.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>1,060.0</b>	<b>1,111.0</b>	<b>1,171.0</b>	<b>1,111.0</b>	<b>0.0</b>

**Recommended Language**

The internal service funds/interagency transfers appropriations to the protective services program of the children, youth and families department include nine million one hundred thirty-six thousand six hundred dollars (\$9,136,600) from the federal temporary assistance for needy families block grant to New Mexico for supportive housing, adoption services, multilevel response system implementation as outlined in Section 32A-4-4.1 NMSA 1978, services for youth aging out of foster care, family support services, evidence-based prevention and intervention services, home services for children with behavioral health challenges preventing placement, kinship support, and recruitment and retention of foster families and seven million six

hundred sixty-two thousand dollars (\$7,662,000) from the federal temporary assistance for needy families block grant to New Mexico for well-supported, supported or promising programming as included on the clearinghouse website for the federal Families First Prevention Services Act.

The internal service funds/interagency transfers appropriation to the protective services program of the children, youth and families department includes one million dollars (\$1,000,000) from the early childhood care and education fund to expand and build capacity for the safecare in-home parent skills-based program rated as supported on the clearinghouse website for the federal Families First Prevention Services Act.

PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of eligible youth who enroll in fostering connections upon emancipation from foster care	0.0%	1.0%	0.0%	85.0%	99.0%
Outcome	Percent of youth served by juvenile justice who are placed in a less restrictive, community-based setting	0.0%	1.0%	0.0%	0.0%	95.0%
Explanatory	Percent of children in foster care who have at least one monthly visit with their caseworker	40%	96%	N/A	N/A	N/A
* Output	Turnover rate for protective service workers	26%	37%	25%	25%	25%
Output	Percent of children who enter care during a 12-month period and stay for greater than 8 days, placement moves rate per 1,000 days of care	6%	6%	4%	4%	4%
Outcome	Percent of children who achieve permanency within twelve months of entry into foster care	30%	36%	30%	30%	45%
Outcome	Rate of maltreatment victimizations per one hundred thousand days of foster care within a rolling twelve-month period	14.7	10.1	8.0	8.0	8.0
Output	Average statewide central intake call center wait time	0:3	0:5	3:0	3:0	0:5
Outcome	Of children removed during a rolling twelve-month period, percent initially placed with a relative or fictive kin	49%	0%	40%	40%	55%
Outcome	Percent of children in foster care for twenty-four months or more at the start of a twelve-month period who achieve permanency within that twelve months	41%	38%	32%	32%	45%
Outcome	Percent of children in care placed with relatives or fictive kin	42%	49%	35%	40%	55%
* Outcome	Percent of children in foster care for twelve to twenty-three months at the start of a twelve-month period who achieve permanency within that twelve months	40%	42%	35%	35%	50%
Outcome	Percent of children who experienced repeat maltreatment within twelve months of an initial substantiated maltreatment incident	14%	14%	9%	9%	9%
Outcome	Percent of families that participated in in-home services or family support services and did not have a subsequent substantiated report within the next twelve months	4%	75%	20%	70%	85%
Outcome	Percent of fatalities or near-fatalities in a rolling twelve-month period that had protective services involvement in the twelve months preceding the incident	NEW	0%	5%	20%	5%

**BEHAVIORAL HEALTH SERVICES**

The purpose of the behavioral health services program is to provide coordination and management of behavioral health policy, programs and services for children.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	35,994.1	44,964.0	50,492.2	46,462.0	3.3
Other Transfers	2,220.1	1,095.1	1,325.9	1,325.9	21.1
Federal Revenues	4,931.7	5,645.2	5,645.2	5,645.2	0.0
Other Revenues	0.1	600.0	600.0	600.0	0.0
<b>TOTAL SOURCES</b>	<b>43,146.0</b>	<b>52,304.3</b>	<b>58,063.3</b>	<b>54,033.1</b>	<b>3.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	7,391.4	10,658.5	11,842.5	12,070.8	13.3
Contractual Services	32,571.2	40,945.8	42,418.7	40,859.2	(0.2)
Other	1,275.0	700.0	1,103.1	1,103.1	57.6
Other Financing Uses	0.0	0.0	2,699.0	0.0	0.0
<b>TOTAL USES</b>	<b>41,237.6</b>	<b>52,304.3</b>	<b>58,063.3</b>	<b>54,033.1</b>	<b>3.3</b>
<b>FTE</b>					
Permanent	107.0	117.0	133.0	117.0	0.0
Term	2.0	2.0	2.0	2.0	0.0
<b>TOTAL FTE</b>	<b>109.0</b>	<b>119.0</b>	<b>135.0</b>	<b>119.0</b>	<b>0.0</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of juvenile justice-involved youth in the estimated target population who have received consultation from a community behavioral health clinician	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of infant mental health program participants showing improvement developmentally through clinical assessment and observation	70%	100%	90%	90%	100%
Outcome	Percent of domestic violence program participants who agree or strongly agree that because of their participation in the program as a parent, they have a better understanding of the impact that domestic abuse/violence can have on children	NEW	0%	85%	85%	95%
Output	Percent increase in supportive and/or independent housing options for transition age youth (ages 16-21 years) from baseline SFY 20 levels	NEW	0%	20%	0%	45%



## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of youth aged twelve or older in protective services custody who are placed in a less restrictive, community-based setting	89%	0%	85%	0%	85%
Outcome	Percent of domestic violence program participants who agree or strongly agree that staff and advocates regularly discuss their safety needs, including specific things they can do to keep themselves safe	95.1%	0.0%	95.0%	95.0%	95.0%
Output	Number of community-based behavioral health services, by county, that support children and youth to remain in their community	NEW	41.0	15.0	15.0	50.0
Outcome	Percent of clients enrolled in multisystemic therapy who demonstrate improvement in one or more behavioral health outcomes	NEW	90.3%	75.0%	75.0%	95.0%
Outcome	Percent of protective services-involved youth in the target population who receive consultation from a community behavioral health clinician	65%	0%	75%	0%	75%

**PROGRAM SUPPORT**

The purpose of program support is to provide the direct services divisions with functional and administrative support so they may provide client services consistent with the department's mission and also support the development and professionalism of employees.

BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	13,310.6	14,947.0	15,284.9	15,047.0	0.7
Other Transfers	336.4	204.0	204.0	204.0	0.0
Federal Revenues	5,952.2	6,358.1	6,358.1	5,618.5	(11.6)
Other Revenues	1.0	823.0	433.4	433.4	(47.3)
<b>TOTAL SOURCES</b>	<b>19,600.2</b>	<b>22,332.1</b>	<b>22,280.4</b>	<b>21,302.9</b>	<b>(4.6)</b>
<b>USES</b>					
Personal Services and Employee Benefits	13,322.3	14,468.4	15,898.7	14,921.2	3.1
Contractual Services	1,837.9	2,855.3	3,020.8	3,020.8	5.8
Other	4,426.2	5,008.4	3,360.9	3,360.9	(32.9)
<b>TOTAL USES</b>	<b>19,586.4</b>	<b>22,332.1</b>	<b>22,280.4</b>	<b>21,302.9</b>	<b>(4.6)</b>
<b>FTE</b>					
Permanent	167.0	168.0	182.0	168.0	0.0
Term	2.0	4.0	3.0	4.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>170.0</b>	<b>172.0</b>	<b>185.0</b>	<b>172.0</b>	<b>0.0</b>



# Public Safety

### Statutory Authority

The Department of Military Affairs operates pursuant to Article I, Section 8, of the U.S. Constitution and Article XVIII, Sections 1 and 2, of the New Mexico Constitution. The department is established and governed by the New Mexico Military Code (Sections 20-1-1 through 20-12-73 NMSA 1978). The governor is the commander in chief of the state military forces. An adjutant general, appointed by the governor for a five-year term, directs the department.

### Mission

The department's primary mission is to provide the necessary infrastructure to support the army and air national guards, State Defense Force, Civil Air Patrol, and Youth Challenge Academy.

### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	6,948.7	7,844.3	10,277.5	8,872.2	13.1
Other Transfers	176.7	146.9	146.9	146.9	0.0
Federal Revenues	13,883.8	21,368.4	22,289.7	21,601.0	1.1
Other Revenues	132.7	121.3	135.2	135.2	11.5
<b>TOTAL SOURCES</b>	<b>21,141.9</b>	<b>29,480.9</b>	<b>32,849.3</b>	<b>30,755.3</b>	<b>4.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	8,999.5	12,539.4	15,780.8	13,686.8	9.2
Contractual Services	2,708.4	3,402.5	3,413.3	3,413.3	0.3
Other	9,001.1	13,539.0	13,655.2	13,655.2	0.9
<b>TOTAL USES</b>	<b>20,709.0</b>	<b>29,480.9</b>	<b>32,849.3</b>	<b>30,755.3</b>	<b>4.3</b>
<b>FTE</b>					
Permanent	70.0	33.0	33.0	33.0	0.0
Term	93.0	162.0	149.0	149.0	(8.0)
Temporary	0.0	0.0	32.0	15.0	0.0
<b>TOTAL FTE</b>	<b>163.0</b>	<b>195.0</b>	<b>214.0</b>	<b>197.0</b>	<b>1.0</b>

### At A Glance

The Department of Military Affairs (DMA) requested a total FY24 budget of \$32.8 million, including \$10.3 million from the general fund, a 31 percent increase in general fund appropriations compared with the agency's FY23 operating budget. The requested general fund increase comprised a \$792.7 thousand base increase, primarily due to a \$684.8 thousand increase in personnel funding from the general fund for appropriate placement and to provide competitive salaries to recruit for vacant positions, and a \$1.6 million expansion to provide a recurring funding stream for 32 temporary FTE on state active duty to respond to emergency situations without requiring an emergency declaration. LFC has previously found some agencies, including DMA, receive effectively recurring appropriations through emergency declarations and suggested building such recurring needs into agency operating budgets.

The LFC recommendation partially supports both the requested base budget increase and expansion, with a total increase of \$1 million in general fund revenue, including \$277.9 thousand in the base and \$750 thousand for the expansion, a 13.1 percent increase compared with the department's FY23 operating budget. Significantly, the \$750 thousand expansion would supplant funds currently allocated annually through emergency funding procedures but not accounted for in the operating budget, and the expansion, therefore, should not result in net increased general fund expenditures. The recommendation also partially supports the requested FTE tied to the expansion, adding 15 temporary positions. The recommendation anticipates the increase in base funding will leverage \$232.6 thousand in additional federal funds, a 1.1 percent increase.

### Budget Issues

For FY24, the Department of Military Affairs (DMA) requested a total base budget increase of \$1.7 million, or 5.9 percent, compared with its FY23 operating budget. Just under half of this requested increase, \$792.7 thousand, is requested in general fund revenue. The department requested a \$1.6 million increase in personnel (including \$684.8 thousand from the general fund that leverages an additional \$916.1 thousand in federal funds) for

appropriate placement and to provide competitive salaries to recruit for vacant positions. The agency also requested a \$10.8 thousand increase in contractual services and a \$116.2 thousand increase in the other category, which support the New Mexico Military Museum and increased property insurance costs.

DMA has about \$500 thousand in vacancy savings from long-term vacant positions. The LFC recommendation partially supports the requested increase in personnel, with \$170 thousand in general fund revenue, and adjusts anticipated federal funding for personnel to reflect the estimated funds that can be leveraged by the recommended general fund appropriation accordingly. The recommendation fully supports the agency's request in the contractual services and other categories.

**National Guard Operations.** The New Mexico National Guard (NMNG) was at 94 percent of manpower in FY22, and its service members conducted numerous missions in New Mexico, nationally, and abroad. In FY22, approximately 300 NMNG personnel deployed around the world to support Army and Air Force missions, including deployments to Japan and Korea. At the height of its fire and flood response, up to 432 NMNG service members were deployed to support federal and state agencies and complete search and rescue missions.

**Youth Challenge Academy.** The Youth Challenge Academy (YCA) in Roswell aims to prevent at-risk youth from entering the criminal justice system by teaching self-discipline, leadership, and responsibility in a military-style environment. Generally, two cycles of cadets complete the 22-week academy each year, but due to the impact of the Covid-19 pandemic, only one cycle was completed in FY20 and no cycles were held in FY21. In FY22, class sizes were substantially smaller than usual due to Covid-19 social distancing restrictions. Because the costs related to the academy are mostly fixed (such as personnel, facility upkeep, and fixed rates), not holding cycles in FY20 and FY21 did not result in significant savings to the agency, and reduced class sizes in FY22 resulted in a higher than typical cost per cadet, at \$40.6 thousand per graduate, 23 percent of which (\$9,259) was funded from the general fund.

This year, 160 students registered for the YCA and 100, or 63 percent, graduated. Of the FY22 graduates, 68 percent earned a high school equivalency certificate. Research has shown YCA programs have positive benefits to participants, including increases in educational attainment, employment, and earnings.

**Job Challenge Academy.** In its FY23 budget request, DMA proposed to start a Job Challenge Academy (JCA), a five-month program for YCA graduates to enroll in vocational and technical community college courses. The 2022 General Appropriation Act (GAA) included recurring funding for this program comprising \$500 thousand from the general fund and \$1.5 million in matching federal funds, along with 32 FTE. However, because this appropriation contained contingency language requiring the agency leverage federal funds before the appropriation was available, the agency could not budget the funds or create the new positions until federal funding was secured, which occurred in August 2022. The agency also received non-recurring funds to support the project, including \$250 thousand from the general fund leveraging \$750 thousand in matching federal funds in the GAA and a \$450 thousand capital outlay appropriation (severance tax bonds) to support physical infrastructure needs related to the program.

The JCA serves as a continuation of DMA's YCA program in which YCA graduates will live in supervised housing in Albuquerque and enroll in vocational and technical courses at Central New Mexico Community College. The agency plans to repurpose housing facilities at the New Mexico State Fair to use for the program, which will require substantial renovations. DMA is currently in the request for proposals (RFP) process for architectural and engineering services for this renovation. The agency is also actively recruiting for a director to begin developing the program and plans to hold one JCA cycle with 50 participants in spring 2024. Beginning in FY25, the agency plans to conduct two cycles (each with 50 participants) each year.

Recent evaluations of JCA programs in other states show positive results, and the benefits of YCA programs suggest such a continuation could provide further educational and vocational benefits to participants. Because the JCA class is significantly smaller than the typical YCA graduating class (the YCA graduated an average of 71 participants per cycle between FY15 and FY22), the proposed program provides the agency with an opportunity to conduct rigorous analysis of participant outcomes, with YCA graduates who do not participate in JCA serving as a control group. DMA should conduct such research and report its results to the Legislature.

**Adjutant General Pay.** Section 20-1-6 NMSA 1978 states the adjutant general of NMNG "shall receive the same pay and allowances as is prescribed by federal law and regulations for members of the active military in the grade of major general, unless a different rate of pay and allowances is specified in the annual appropriations bill." The Legislature has not included language specifying adjutant general pay in the GAA since 2006 (language in the 2007 GAA was vetoed). The current adjutant general receives a base annual salary of \$196.4 thousand, near the top of the range for an active duty army major general (\$139.6 thousand to \$201.3 thousand), while the deputy adjutant general receives a base salary of \$173.3 thousand, the maximum for an active duty officer of equivalent rank (the minimum is \$116 thousand). Both positions also receive standard military subsistence and housing allowances totaling \$44.4 thousand annually. Compensation for these positions increased 29 percent over the past decade and significantly exceeds the standard salary for cabinet secretaries of \$169 thousand. The recommendation includes language regulating pay for the adjutant general and deputy adjutant general positions, which provides a check on salary increases but does not alter the current salaries or allowances for these positions.

Base Expansion

Section 20-1-6 NMSA 1978 requires the state to pay for all expenditures necessary for the governor to call the New Mexico National Guard into service (often referred to as “state active duty”) and provides up to \$1 million annually from “any money available in the state treasury not otherwise appropriated” for NMNG to conduct state active duty operations. Historically, the governor has issued an executive order each fiscal year allocating \$750 thousand of these funds for expenditures in that year and ordering the National Guard into state active duty to respond to any in-state civil emergencies, disasters, or search and rescue missions that might require the guard’s assistance. However, these funds are not tied to any specific emergency and instead provide what is effectively recurring funding outside the agency’s operating budget. Whether additional emergency funds are allocated by the governor varies from year to year based on emergency conditions.

LFC has previously suggested building such recurring needs into agency operating budgets, and DMA’s FY24 expansion request proposed to do so. The agency requested \$1.6 million in recurring funds for these state active duty operations be added to its operating budget, rather than allocated through the emergency funding system. The expansion request also included the addition of 32 temporary FTE related to these operations. Over the past 10 years, the executive has allocated an average of \$1.4 million in emergency funds to DMA annually, with actual allocations depending on emergency situations encountered that year. The agency has received at least \$750 thousand in emergency funds every year in the past decade except FY13 and has received only \$750 thousand in four of the past 10 years (including as recently as FY21). Because only \$750 thousand has been truly recurring, the LFC recommendation only partially supports the expansion, with \$750 thousand from the general fund and 15 temporary FTE. The emergency funding system can be used for costs in excess of this depending on the emergency situations faced each year. Because the expansion would supplant funds currently allocated annually through emergency funding procedures but not accounted for in the operating budget, it should not result in net increased general fund expenditures.

BASE EXPANSION LISTING  
FY 2023-2024

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	New Mexico State Active-Duty Contingency	P721	1,640.5	750.0
TOTAL			1,640.5	750.0

NATIONAL GUARD SUPPORT

The purpose of the national guard support program is to provide administrative, fiscal, personnel, facility construction and maintenance support to the New Mexico national guard in maintaining a high degree of readiness to respond to state and federal missions and to supply an experienced force to protect the public, provide direction for youth and improve the quality of life for New Mexicans.

Recommended Language

The general fund appropriation to the national guard support program of the department of military affairs in the personal services and employee benefits category includes seven hundred fifty thousand dollars (\$750,000) for state active duty operations.

The general fund appropriation to the national guard support program of the department of military affairs in the personal services and employee benefits category includes funding for the adjutant general position not to exceed the 2023 amount prescribed by federal law and regulations for members of the active military in the grade of major general and for the deputy adjutant general position not to exceed the 2023 amount prescribed by federal law and regulations for members of the active military in the grade of brigadier general.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Percent strength of the New Mexico national guard	100%	94%	98%	98%	98%
Output	Total cost of deferred maintenance requests	\$11,884,900	\$29,261,050	\$9,884,900	\$32,000,000	\$25,000,000
Outcome	Percent of cadets enrolled in the New Mexico national guard youth challenge academy who graduate	0.00%	63.00%	85.00%	80.00%	80.00%
* Outcome	Percent of New Mexico national guard youth challenge academy graduates who earn a high school equivalency credential	0%	68%	69%	69%	75%
Outcome	Percent of eligible New Mexico national guard service member life insurance premiums reimbursed	76.00%	74.00%	90.00%	90.00%	90.00%
Explanatory	Number of federal active duty operations conducted	NEW	1.0	N/A	N/A	N/A
Explanatory	Amount spent on state active duty operations	NEW	\$4,042,424.36	N/A	N/A	N/A
Explanatory	Expenditures on search and rescue operations	NEW	\$0.00	N/A	N/A	N/A
Explanatory	Number of search and rescue operations conducted	NEW	0.0	N/A	N/A	N/A
Explanatory	Number of state active duty operations conducted	NEW	7.0	N/A	N/A	N/A

### Statutory Authority

The Parole Board Act (Section 31-21-22 NMSA 1978) creates the 15-member Parole Board and administratively attaches it to the Corrections Department. Even though the Parole Board is administratively attached to the Corrections Department, it functions as an independent state agency responsible for paroling adults incarcerated by the Corrections Department. The Probation and Parole Act (Section 31-21-3 through 31-21-19 NMSA 1978) further outlines the responsibilities of the Parole Board. The 15 board members are appointed by the governor and confirmed by the Senate.

### Mission

The Parole Board grants, denies, or revokes parole, conducts investigations, summons witnesses, and adopts rules and regulations for the effective discharge of board duties. The Parole Board also provides recommendations to the governor on applications for executive clemency.

### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	563.5	641.0	725.1	725.1	13.1
Other Transfers	7.4	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>570.9</b>	<b>641.0</b>	<b>725.1</b>	<b>725.1</b>	<b>13.1</b>
<b>USES</b>					
Personal Services and Employee Benefits	364.5	481.9	566.0	566.0	17.5
Contractual Services	12.3	9.0	9.0	9.0	0.0
Other	132.9	150.1	150.1	150.1	0.0
<b>TOTAL USES</b>	<b>509.7</b>	<b>641.0</b>	<b>725.1</b>	<b>725.1</b>	<b>13.1</b>
<b>FTE</b>					
Permanent	7.0	6.0	6.0	6.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>8.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>0.0</b>

### At A Glance

The Parole Board requested, and the LFC recommendation supports, an additional \$84.1 thousand from the general fund in FY24, a 13.1 percent increase, entirely for personnel. This fully funds all currently filled and unfilled positions.

### Budget Issues

The Parole Board's requested general fund increase for personnel fully funds all currently filled and unfilled positions, including a vacant position that was recently reclassified from a records clerk to a financial coordinator position, which is anticipated to cost about \$40 thousand more than originally budgeted. The remaining request eliminates the agency's budgeted vacancy rate. The LFC recommendation supports the request.

In FY22, the Parole Board continued to significantly reduce the cancellation rate for parole hearings and cut the number of hearings canceled, or "scratched," by about 35 percent compared with FY21, which had already shown a reduction of almost half compared with FY20. Overall, 4.2 percent of scheduled hearings were cancelled, representing a reduction compared with the 5.6 percent cancellation rate in FY21 and a substantial improvement over the 8.4 percent cancellation rate in FY20. The board held a total of 2,676 hearings in FY22, a 10 percent decrease compared with FY21, which aligns with a 7 percent reduction in releases in FY22. Notably, prison admissions increased slightly in FY22, suggesting prison populations, parole hearings, and releases may begin to stabilize in the near future.

The Parole Board experienced significant performance difficulties in other key areas in FY22. The share of parole hearings resulting in a parole certificate fell from 74 percent to 66 percent, suggesting while cancelled hearings may no longer be such a significant obstacle to timely releases, the board's determinations may run contrary to the intent of the state's determinative sentencing system. Additionally, the share of parole revocation hearings held within a month of a parolee's return to custody fell from 90 percent to 63 percent, meaning over 300 parolees arrested for alleged violations were deprived of their liberty for over a month without an opportunity to challenge their detention.

The board's determinations on medical and geriatric parole also raise concerns. In both FY21 and FY22, no applications for medical or geriatric parole were granted, despite receiving 88 applications during the height of the Covid-19 pandemic in FY21 when New Mexico's prisons had the highest

Covid-19 mortality rate in the country. Of the 29 deaths from Covid-19 in state prisons since the beginning of the pandemic, 12 occurred at Central New Mexico Correctional Facility, which houses the Corrections Department's long-term care unit for seriously ill and elderly inmates. In FY22, only two applications for medical or geriatric parole were received by the Parole Board. These results suggest reforms to the system for applying for and granting medical or geriatric parole may be advisable.

The board is currently housed on the campus of the Penitentiary of New Mexico in a building that served as the state's women's prison until the 1980s. The board has cited numerous problems with this location, including plumbing, heating, cooling, and electrical issues, as well as space constraints and lack of storage for records.

#### **ADULT PAROLE BOARD**

The purpose of the adult parole program is to provide and establish parole conditions and guidelines for inmates and parolees so they may reintegrate back into the community as law-abiding citizens.

#### **PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Output	Number of informational meetings held with victims, victims' families or victim advocacy groups	35.0	138.0	60.0	60.0	120.0
* Efficiency	Percent of revocation hearings held within thirty days of a parolee's return to the corrections department	90%	63%	98%	90%	98%
Explanatory	Number of hearings cancelled due to insufficient information	171.0	112.0	N/A	N/A	N/A
Outcome	Percent of parole certificates not issued within ten days of hearing due to insufficient information	26.00%	26.30%	10.00%	0.00%	0.00%
Explanatory	Number of persons on medical or geriatric parole returned to the custody of the corrections department	108.0	0.0	N/A	N/A	N/A
Outcome	Percent of parole hearings that result in a parole certificate being issued	74.0%	66.0%	90.0%	90.0%	90.0%
Explanatory	Number of applications for medical or geriatric parole received	88.0	2.0	N/A	N/A	N/A
Explanatory	Percent of applications for medical or geriatric parole granted	0.00%	0.00%	N/A	N/A	N/A
Output	Number of parole hearings conducted in person	0.0	0.0	1,200.0	0.0	1,200.0
Output	Number of parole hearings conducted	2,860.0	2,564.0	3,000.0	2,800.0	2,800.0

### Statutory Authority

Sections 32A-7A-1 through 32A-7A-8 NMSA 1978 creates the Juvenile Public Safety Advisory Board (JPSAB). The board is administratively attached to the Children, Youth and Families Department (CYFD).

### Mission

The mission of JPSAB is to provide citizen oversight, review programs and initiatives, make recommendations to CYFD on all matters relating to adjudicated youth program operations, conduct onsite facility inspections and visits, and ensure the appropriate care and treatment services are being provided to youth.

### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	7.6	7.6	7.6	7.6	0.0
<b>TOTAL SOURCES</b>	7.6	7.6	7.6	7.6	0.0
<b>USES</b>					
Other	2.1	7.6	7.6	7.6	0.0
<b>TOTAL USES</b>	2.1	7.6	7.6	7.6	0.0

### At A Glance

The Juvenile Public Safety Advisory Board FY24 general fund revenue request of \$7,600 did not change from the FY22 operating budget. Requested expenditures included \$4,100 for board member meals and lodging and \$3,500 for board member mileage and fares.

The board reverted more than it spent the last few years. In FY20, FY21, and FY22 the board reverted \$3.9 thousand, \$5.7 thousand, and \$5.5 thousand respectively. This is likely because the board has held meetings online ever since the start of the pandemic. The board recently began holding meetings in person again and is not expected to revert as much as in the past. The LFC recommendation supports the request.

Additionally, because the board's annual request is so small, and because it is administratively attached to the Children, Youth and Families Department (CYFD), the Legislature should consider including the board's budget as a part of CYFD's budget, eliminating the need for a legislatively approved budget. For FY22, the department did not meet either of its performance targets. Only 57 percent of clients completed their term of supervised release due to abscondence, failure to be supervised, new charges, or failure to follow terms of supervision. The board's FY21 financial audit included no findings.

One of the board's primary responsibilities is to conduct regular administrative reviews for juvenile offenders to determine if the offender has progressed and is ready to be released from a juvenile justice facility. Other board responsibilities include advising CYFD on supervised release decisions, reviewing CYFD's activities in regard to juvenile justice facilities (JJS), making recommendations to CYFD concerning JJS facility programs, visiting JJS facilities, and reporting to the governor and the secretary of CYFD on its findings.

### JUVENILE PUBLIC SAFETY ADVISORY BOARD

The purpose of the juvenile public safety advisory board is to monitor each youth's rehabilitative process through therapy and support services to assure a low risk for reoffending or revictimizing the community.

### PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Output	Percent of clients reviewed at 40 days	89%	87%	92%	92%	92%
Outcome	Percent of clients successfully completing term of supervised release	90%	57%	78%	78%	78%



**Statutory Authority**

The Corrections Department Act, Sections 9-3-1 through 9-3-13 NMSA 1978, creates a single, unified department to administer all laws and exercise all functions formerly administered and exercised by the Corrections and Criminal Rehabilitation Department and to ensure a comprehensive criminal justice system in New Mexico.

**Mission**

The mission of the Corrections Department is to provide a balanced approach to corrections, from incarceration to community-based supervision, with training, education, and rehabilitation programs and services that provide opportunities for offenders to successfully transition to communities.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	327,897.1	335,400.7	337,615.1	340,728.6	1.6
Other Transfers	19,756.1	19,342.8	19,342.8	20,558.9	6.3
Federal Revenues	25.0	17.5	17.5	17.5	0.0
Other Revenues	7,228.8	8,618.8	8,209.6	8,209.6	(4.7)
Fund Balance	35.5	2,388.3	2,797.5	1,581.4	(33.8)
<b>TOTAL SOURCES</b>	<b>354,942.5</b>	<b>365,768.1</b>	<b>367,982.5</b>	<b>371,096.0</b>	<b>1.5</b>
<b>USES</b>					
Personal Services and Employee Benefits	156,675.8	188,890.6	181,916.9	182,301.9	(3.5)
Contractual Services	77,750.0	77,866.9	83,866.9	85,616.9	10.0
Other	117,607.2	99,010.6	102,198.7	103,177.2	4.2
<b>TOTAL USES</b>	<b>352,033.0</b>	<b>365,768.1</b>	<b>367,982.5</b>	<b>371,096.0</b>	<b>1.5</b>
<b>FTE</b>					
Permanent	2,477.0	2,491.0	2,491.0	2,182.0	(12.4)
Term	13.0	30.0	30.0	30.0	0.0
<b>TOTAL FTE</b>	<b>2,490.0</b>	<b>2,521.0</b>	<b>2,521.0</b>	<b>2,212.0</b>	<b>(12.3)</b>

**At A Glance**

The Corrections Department requested an increase of \$2.2 million, or 0.7 percent, from the general fund for its FY24 budget, entirely due to anticipated increases in fixed rate costs. The agency's request also included the transfer of \$9.2 million in vacancy savings to contracts (\$6 million) and the other uses category (\$3.2 million) in the Inmate Management and Control Program and cut \$1 million from the Reentry Program to add to the Community Offender Management Program for offender drug testing. The agency's request for all other funding sources was flat with FY23 but swapped \$409 thousand in fund balance for Corrections Industries for other revenues.

The LFC recommendation of \$371.1 million increases the agency's budget by \$5.3 million, or 1.5 percent, compared with FY23, with the increase entirely from general fund revenue for a total general fund recommendation of \$340.7 million, a 1.6 percent increase. The recommendation fully supports the requests for increased general fund revenue for fixed rate costs and to shift funds between programs and categories. The recommendation further reallocates additional vacancy savings and provides an additional \$3.1 million from the general fund to fund raises for correctional officers, increases in evidence- and research-based recidivism reduction programming, and supportive housing. The recommendation also removes 309 vacant correctional officer positions. The committee fully supports the agency's request for most other revenue sources but eliminates the use of penitentiary income fund balance and replaces it with recurring revenue to the fund.

**Budget Issues**

Between FY18 and FY22, the Corrections Department's (NMCD) total budget grew by \$14.9 million, or 4.6 percent, and its appropriations from the general fund increased \$30.6 million, or 10.3 percent. Over the same period, the population of inmates in NMCD's care decreased 22.1 percent. The agency's assumption of operations at previously privately operated facilities has been a significant cost driver, with the state taking over operations of the Northeast New Mexico Correctional Facility (NENMCF) in Clayton in November 2019 and of Guadalupe County Correctional Facility (GCCF) in Santa Rosa and Northwest New Mexico Correctional Facility (now called Western New Mexico Correctional Facility South) in November 2021. The

state now has just two privately operated correctional facilities, the Lea County Correctional Facility in Hobbs and Otero County Prison Facility in Chaparral. NMCD also entered into a new contract for inmate healthcare in November 2019, and while the contract has since been amended, it remains a significant expense.

In FY22, the agency received a general fund appropriation 0.4 percent lower than its FY21 operating budget, but the total appropriations exceeded the agency's actual FY21 expenditures by \$1.7 million. Significant cost savings from continued population reductions and the agency's high vacancy rate were redistributed to other legislative priorities within the agency. Despite these changes, low prison populations and high vacancy rates produced significant cost savings that the agency reallocated. NMCD made several significant budget adjustments during FY22, including transferring a total \$11.6 million in vacancy savings from the Inmate Management and Control (IMAC) Program to other programs and categories, and the agency reverted \$4.1 million at the end of the fiscal year. Vacancy savings from IMAC were primarily used to cover increased contract costs, purchase equipment, and conduct facility maintenance and improvements. To date in FY23, the agency has adjusted its budget with category transfers of \$15.1 million, including a small transfer in Program Support and a transfer of \$15.1 million out of personnel in IMAC.

Although the Legislature reduced NMCD's base operating funding for FY23 by \$2.6 million, or 0.8 percent, compared with FY22, the compensation package more than made up for this reduction. The agency's significant vacancy rates and prison population reductions provided an opportunity to cut costs while also expanding services, and the FY23 operating budget also reinvested \$1.6 million from these savings into programming and \$500 thousand into transitional housing for offenders reentering the community. However, the agency received \$8.7 million in general fund appropriations for compensation for FY23, resulting in a general fund increase of \$7.5 million, or 2.3 percent, compared with FY22.

**FY24 Expenditures.** NMCD requested an increase of \$2.2 million, or 0.7 percent, from the general fund for its FY24 budget, entirely due to anticipated increases in fixed rate costs. Of this, \$1.2 million was due to increased liability insurance costs, which reflect increased claims against the department over the past five years. The agency's request also included the transfer of \$9.2 million in vacancy savings to contracts (\$6 million) and other (\$3.2 million) in IMAC for medical and behavioral health services, a 4 percent increase in privately operated facility per-diem rates, increased costs for inmate food service, and increased utility costs. Additionally, the request cut \$1 million from the Reentry Program to add to the Community Offender Management Program for offender drug testing. NMCD did not request any additional funds for recidivism reduction programming. NMCD's request for Corrections Industries, funded entirely through its enterprise revenue and fund balances, was flat at both the overall and category level, but swapped \$409 thousand in fund balance for other revenues to account for expected revenue reductions. The agency requested no other changes from other funding sources.

The LFC recommendation reallocates additional vacancy savings and provides an additional \$3.1 million from the general fund for raises for public and private correctional officers, increases in evidence- and research-based recidivism reduction programming, and supportive housing. This includes a larger increase in per-diem rates for private prisons to fund pay raises for private correctional officers, with the committee recommending a 6 percent per-diem increase. Overall, the committee recommends a general fund increase of \$5.3 million, or 1.6 percent. The recommendation fully supports the agency's request for most other funding sources but eliminates the use of penitentiary income fund balance and replaces it with recurring revenue to the fund.

NMCD's most recent budget projection anticipated it will have \$23 million in vacancy savings in FY23, including \$19.4 million in IMAC, and the agency has already transferred \$15.1 million out of personnel in IMAC this year. The department's request to reallocate \$9.2 million in vacancy savings for persistently vacant positions within IMAC reflects long-term trends in population reductions and high vacancies, but the committee recommends a higher reduction in personnel in IMAC, of \$12.4 million, and uses the additional savings primarily to increase compensation for filled correctional officer positions, with pay increases averaging 5.9 percent. The recommendation further removes 309 vacant correctional officer positions. As of November 1, 412 public correctional officer positions were vacant, but the substantial population reductions in the inmate population seen over the last four years make such low staffing rates manageable. While 34 percent of public correctional officer positions were vacant on November 1, 35 percent of beds in public facilities were empty. The recommendation more closely aligns the number of authorized correctional officer positions with the agency's need and capacity to hire.

The new Reentry Program, established in FY23, comprises the Recidivism Reduction and Education bureaus, previously part of the Inmate Management and Control Program, as well as transitional living services and community corrections contracts, previously part of the Community Offender Management Program. The LFC recommendation adds \$2 million to offset the cost of transferring funds for offender drug testing and expand evidence- and research-based recidivism reduction programming, along with \$500 thousand to increase rental assistance for offenders reentering the community. The Pew-MacArthur/LFC Results First initiative finds likely positive returns-on-investment for many drug treatment programs inside and outside of prison, particularly brief cognitive behavioral intervention for amphetamine users and outpatient or nonintensive drug treatment in the community.

**FY24 Revenues.** The committee recommends \$7 million of the fund balance from the penitentiary income fund, comprising land maintenance fund and land grant permanent fund revenues, be appropriated as part of a special appropriation for expanded hepatitis C treatment. NMCD received about \$16.5 million in revenue to the fund in FY22, and LFC economists project the department will receive increased land grant permanent fund revenues

in FY23 and FY24. The agency's request proposed to include \$17.6 million in recurring revenue from these funding sources in its operating budget along with \$1.2 million of penitentiary income fund balance; however, the LFC recommendation uses \$18.9 million of anticipated recurring revenue to fully cover the agency's anticipated uses for the penitentiary income fund in its operating budget and does not use any fund balance for recurring costs. Based on projected revenues, NMCD should have an unappropriated penitentiary income fund balance of \$2.3 million at the close of FY23.

**Inmate Population Trends.** The state's inmate population has plunged since 2018, falling more than 20 percent between FY19 and FY22, but recent increases in admissions for new offenses suggest the population is likely to stabilize in the near future. While state prison populations across the country have been declining since 2010, New Mexico's inmate population continued to rise for six years, reaching a high of 7,400 inmates in FY16. After holding relatively steady for a short time, the state's prison population began falling in September 2018. By March 2020, even before the impact of the Covid-19 pandemic on adjudications and early releases, the population had already dropped over 8 percent. The total prison population averaged 5,703 in FY22, down 5.7 percent from FY21 and 22.9 percent lower than the population peak in FY16.

However, admissions to prison in FY22 increased for the first time since FY15, rising 2.3 percent compared with FY21 and suggesting prison populations will level off. A total of 2,409 people were admitted to prison over the course of the year, including 2,076 men and 333 women. This increase was driven by new convictions, which rose 11 percent compared with FY21 and made up 60 percent of total admissions compared with 55 percent in FY21. Admissions for new drug possession offenses increased by 6.8 percent in FY22 and comprised 15.1 percent of total admissions for new offenses compared with 15.9 percent in FY21. After comprising a record 40.5 percent of admissions in FY21, parole revocations made up 34.9 percent of admissions in FY22, the second largest share of admissions in over a decade.

In FY22, admissions for new offenses broke the trend of reductions seen between FY18 and FY21, with all but four judicial districts sending more people to prison than in FY21. Of the districts that did not increase admissions, the 13th Judicial District saw no change in admissions between FY21 and FY22. The 2nd, 8th, and 10th Judicial Districts all saw reduced admissions in FY22; however, while the 8th and 10th judicial districts have seen fluctuating admissions over the past five years, admissions from the 2nd Judicial District, responsible for the largest share of prison admissions, have fallen every year since FY18, dropping a total of 63.1 percent between FY18 and FY22, including falling 6.9 percent between FY21 and FY22. Admissions from that district have gone from comprising 26.9 percent of total prison admissions for new offenses in FY18 to just 16.1 percent in FY22.

The Sentencing Commission's July 2022 prison population projection anticipates total prison populations will average 5,513 over the course of FY23, a 3.3 percent drop from FY22's average population of 5,703. This reduction is projected due to falling male inmate populations, which the commission estimates will fall 4 percent between FY22 and FY23; female populations are projected fall an average of 1.1 percent between FY22 and FY23, but the commission anticipates female prison populations will rise during the course of FY23.

**Inmate Classification.** A July 2020 policy spotlight on inmate classification at NMCD by LFC's program evaluation team found that, while the majority of prisoners admitted to the system received initial custody scores classifying them as minimum security, more than half were housed in medium-security settings. As a result, the state may be paying substantially more than it should for its prison system, because higher custody levels are generally more costly. The report estimated deviations from the initial custody score could be costing the state up to \$28 million annually.

In summer 2021, NMCD implemented significant changes to its inmate classification system that will likely result in reduced populations at higher custody levels and increased populations at lower custody levels. This revised classification system removed or changed many mandatory and discretionary overrides, including restrictions on lower custody levels for individuals with misdemeanor detainees, inmates with recent drug-related misconduct, and former gang members who have renounced their affiliation. Additionally, NMCD revised the factors that underlie certain scores in the custody tool, such as the severity of the offense for which an inmate is incarcerated. NMCD changed whether certain offenses are considered low-, moderate-, high-, or highest-risk, which will likely result in lower custody scores for some inmates. LFC staff requested data on the impact of these changes over the course of FY22 but had not received it as of December 1.

**Facility Usage.** Restrictions based on custody level hamper consolidation of the inmate population that would reduce costs and enable the department to close housing units or entire prisons. Historically, men's medium security units have had the highest occupancy levels, and recent population declines have disproportionately occurred in minimum and maximum security units. Changes made to the inmate classification system in 2021 were expected to reduce populations at higher (more expensive) custody levels and increase populations at lower (less expensive) custody levels, but without data on the impact of those changes in FY22, it is not clear whether this has occurred.

Population declines have allowed NMCD to reduce populations at understaffed facilities. Overall, about 28 percent of the agency's total positions were unfilled over the course of FY22, and public and private correctional officer vacancies remained high, at 29 percent and 32 percent, respectively, for FY22. The Penitentiary of New Mexico (PNM) drives public correctional officer vacancies, with an average of about 100 correctional officer positions unfilled during the course of FY22. As of November 1, 127 correctional officer positions at PNM were vacant.

GCCF and NENMCF have operated at half capacity due to vacancies among custody staff for over a year. In spring 2021, high vacancies among correctional officers at GCCF prompted NMCD to close one of its two housing units, and as vacancy rates among correctional officers at NENMCF began

to increase significantly in fall 2021, the agency similarly closed one of the two housing units at that facility, reducing the population housed at each facility to under half capacity.

High vacancy rates pose safety concerns, but low populations have enabled NMCD to adjust facility occupancy to align with staffing levels. However, this has not been possible at all facilities. While just 54 percent of the Western New Mexico Correctional Facility North's (WNMCF-N) custody staff positions were filled on September 1, the facility was 93 percent occupied on September 12, reflecting the agency's lack of flexibility—WNMCF-N is the only facility that can house medium- or maximum-security female inmates. However, the Roswell Correctional Center (RCC) also had a significant discrepancy between staffing and occupancy, with 67 percent of custody positions and 91 percent of beds filled. RCC holds minimum-security male inmates, who can also be held at five other facilities.

The state's prisons suffer from a significant number of infrastructure problems. Common needs include new roofs, heating and cooling systems, security equipment, fire suppression, and sewer system maintenance. Further, the design of housing units at older facilities creates more costly staffing requirements than more modern units. Facility condition indices for NMCD facilities show it is more expensive to repair the department's buildings than it is to replace them, and NMCD requested \$83.6 million in 2023 capital outlay funding for these existing prisons. A 2014 LFC program evaluation of capital outlay at New Mexico's prisons estimated it would be more cost-effective to build a new medium security housing unit than to maintain existing units, and a 2019 progress report on this evaluation maintained that finding. Prior funding intended to increase operational funding for facility maintenance has been diverted to other purposes.

**Recidivism.** The overall three-year recidivism rate of offenders released from NMCD's custody decreased 7 percentage points between FY21 and FY22. Recidivism due to new offenses remained relatively stable between FY21 and FY22, while recidivism due to technical parole violations fell 6 percentage points over the same period. Reduced recidivism aligns with the reduction in prison admissions due to parole revocations, which fell 13 percent in FY22 compared with FY21, and went from comprising 41 percent of total admissions in FY21 to 35 percent in FY22.

While improvement in these areas year-over-year is encouraging, lack of historical data with which to compare these results removes potentially significant context. In the first quarter of FY21, NMCD reported its overall three-year recidivism rate had been reported incorrectly since 2016 due to a database error that erroneously counted all intakes to the parole system as prison admissions for purposes of calculating reincarceration rates. The agency has corrected this issue, but because it has not provided corrected historical data on this measure, it is unclear if FY21's recidivism results represent an increase or decrease from previous years. NMCD reports it is working on recalculating annual results for its three-year recidivism rate measure but has not yet provided results for the most recent years that were reported in error.

**Inmate Health.** In the first year of the pandemic, New Mexico had the highest Covid-19 mortality rate among prisons in the country, according to a recent report from the U.S. Department of Justice. This fall, NMCD ceased reporting Covid-19 cases and fatalities among the prison population on its website. Of the 29 deaths from Covid-19 in state prisons reported between the beginning of the pandemic and fall 2022, 12 occurred at Central New Mexico Correctional Facility, which houses NMCD's long-term care unit for seriously ill and elderly inmates. The Parole Board did not grant parole to anyone who applied for medical or geriatric parole in FY21 and FY22, despite receiving 88 applications during the height of the Covid-19 pandemic in FY21. In FY22, only two applications for medical or geriatric parole were received by the Parole Board.

The 2020 General Appropriation Act included a \$22 million appropriation from the penitentiary income fund to NMCD to treat inmates infected with hepatitis C. Between the initiation of the project in the fourth quarter of FY20 and the end of the first quarter of FY23, 1,137 inmates were treated, with an average success rate of 89 percent. In FY21, NMCD fully transitioned its procurement of hepatitis C treatment medication from its medical vendor, Wexford Health Sources, to its newly established "340b" federal discount drug pricing program, and the agency has renegotiated its contract with Wexford to increase the number of inmates treated for hepatitis C each year from 150 to 600. To date, NMCD has expended \$18.3 million of the total \$22 million appropriated for this purpose, as well as \$5.2 million from its operating budget. NMCD has requested an additional \$30 million from the general fund as a nonrecurring special appropriation to continue its treatment program; the LFC recommendation supports this request but provides \$23 million from the general fund and \$7 million from the penitentiary income fund.

NMCD's original contract for inmate medical care with Wexford, from November 2019, compensated the vendor on a per-inmate basis for a minimum number of inmates, even if that minimum exceeded the number of inmates who actually received care. Since the third quarter of FY20, the actual number of inmates fell below those minimums, resulting in the state paying millions of dollars to care for nonexistent patients and contributing to the department's sharply rising healthcare costs. In September 2021, NMCD amended its contract with Wexford to remove contract minimums based on a minimum inmate population and instead provide a fixed annual minimum payment as well as a variable component based on inmate population, average Medicaid managed care organization per-member per-month (PMPM) rates, and a 47.2 percent profit margin. Notably, the contract employs a minimum and maximum cap for the PMPM rate, significantly reducing variability, but the fixed annual minimum payment of \$44.9 million ensures the contract will remain extremely costly, and it is projected to cost about \$5 million (8.3 percent) more in FY23 than was budgeted. The agency's requested reallocations of funding in IMAC support similar costs for this contract in FY24. NMCD also reported its behavioral health contract cost about \$1 million more than budgeted in FY23 and requested funding be reallocated to account for that difference in FY24.

**INMATE MANAGEMENT AND CONTROL**

The purpose of the inmate management and control program is to incarcerate in a humane, professionally sound manner offenders sentenced to prison and to provide safe and secure prison operations. This includes quality hiring and in-service training of correctional officers, protecting the public from escape risks and protecting prison staff, contractors and inmates from violence exposure to the extent possible within budgetary resources.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	277,225.1	265,894.6	267,306.9	267,920.4	0.8
Other Transfers	19,132.3	18,896.0	18,896.0	20,112.1	6.4
Federal Revenues	23.8	17.5	17.5	17.5	0.0
Other Revenues	1,009.4	691.0	691.0	691.0	0.0
Fund Balance	0.0	1,216.1	1,216.1	0.0	(100.0)
<b>TOTAL SOURCES</b>	<b>297,390.6</b>	<b>286,715.2</b>	<b>288,127.5</b>	<b>288,741.0</b>	<b>0.7</b>
<b>USES</b>					
Personal Services and Employee Benefits	115,673.4	138,313.6	130,537.8	130,297.8	(5.8)
Contractual Services	67,061.0	62,288.0	68,288.0	68,288.0	9.6
Other	105,483.0	86,113.6	89,301.7	90,155.2	4.7
<b>TOTAL USES</b>	<b>288,217.4</b>	<b>286,715.2</b>	<b>288,127.5</b>	<b>288,741.0</b>	<b>0.7</b>
<b>FTE</b>					
Permanent	1,816.0	1,831.0	1,831.0	1,522.0	(16.9)
Term	11.0	26.0	26.0	26.0	0.0
<b>TOTAL FTE</b>	<b>1,827.0</b>	<b>1,857.0</b>	<b>1,857.0</b>	<b>1,548.0</b>	<b>(16.6)</b>

**Recommended Language**

The general fund appropriation to the inmate management and control program of the corrections department in the personal services and employee benefits category includes two million nine hundred twenty-six thousand two hundred dollars (\$2,926,200) to increase compensation for public correctional officers.

The general fund appropriation to the inmate management and control program of the corrections department in the other category includes two million five hundred sixty thousand five hundred dollars (\$2,560,500) to increase per diem rates for private prisons.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Average number of female inmates on in-house parole	0.0	NEW	0.0	20.0	5.0
* Outcome	Average number of male inmates on in-house parole	0.0	NEW	0.0	150.0	55.0
* Outcome	Vacancy rate of correctional officers in public facilities	27%	29%	20%	25%	15%
* Outcome	Vacancy rate of correctional officers in private facilities	25%	32%	20%	25%	15%
Explanatory	Percent turnover of correctional officers in public facilities	11.80%	15.80%	N/A	N/A	N/A
* Output	Number of inmate-on-inmate assaults resulting in injury requiring off-site medical treatment	6.0	4.0	10.0	15.0	15.0
* Output	Number of inmate-on-staff assaults resulting in injury requiring off-site medical treatment	3.0	4.0	3.0	5.0	3.0



## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of standard healthcare requirements met by medical contract vendor	90.00%	95.00%	98.00%	95.00%	100.00%
Explanatory	Percent of inmate grievances resolved informally	86%	83%	N/A	N/A	N/A
* Outcome	Percent of release-eligible female inmates still incarcerated past their scheduled release date	1%	1%	3%	3%	Discontinued
Explanatory	Percent of random monthly drug tests administered to at least ten percent of the inmate population that test positive for drug use	2%	3%	N/A	N/A	N/A
* Outcome	Percent of release-eligible male inmates still incarcerated past their scheduled release date	1%	1%	3%	3%	Discontinued
Explanatory	Number of escapes	0.0	1.0	N/A	N/A	N/A
Outcome	Percent of inmates treated for hepatitis C with undetectable viral loads 12 weeks post-treatment	88%	90%	93%	95%	95%
Outcome	Percent of HIV positive inmates with undetectable viral loads	96%	81%	95%	95%	95%

**CORRECTIONS INDUSTRIES**

The purpose of the corrections industries program is to provide training and work experience opportunities for inmates to instill a quality work ethic and to prepare them to perform effectively in an employment position and to reduce idle time of inmates while in prison.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	3,978.9	5,656.5	5,247.3	5,247.3	(7.2)
Fund Balance	35.5	90.8	500.0	500.0	450.7
<b>TOTAL SOURCES</b>	<b>4,014.4</b>	<b>5,747.3</b>	<b>5,747.3</b>	<b>5,747.3</b>	<b>0.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,461.5	1,969.0	1,969.0	1,969.0	0.0
Contractual Services	25.6	51.4	51.4	51.4	0.0
Other	3,931.1	3,726.9	3,726.9	3,726.9	0.0
<b>TOTAL USES</b>	<b>5,418.2</b>	<b>5,747.3</b>	<b>5,747.3</b>	<b>5,747.3</b>	<b>0.0</b>
<b>FTE</b>					
Permanent	26.0	24.0	24.0	24.0	0.0
<b>TOTAL FTE</b>	<b>26.0</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>0.0</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Output	Percent of inmates receiving vocational or educational training assigned to corrections industries	9%	23%	25%	25%	25%

**COMMUNITY OFFENDER MANAGEMENT**

The purpose of the community offender management program is to provide programming and supervision to offenders on probation and parole, with emphasis on high-risk offenders, to better ensure the probability of them becoming law-abiding citizens, to protect the public from undue risk and to provide intermediate sanctions and post-incarceration support services as a cost-effective alternative to incarceration.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	38,095.7	31,825.6	33,336.0	33,336.0	4.7
Other Transfers	420.0	0.0	0.0	0.0	0.0
Federal Revenues	1.1	0.0	0.0	0.0	0.0
Other Revenues	2,114.4	2,115.0	2,115.0	2,115.0	0.0
Fund Balance	0.0	781.4	781.4	781.4	0.0
<b>TOTAL SOURCES</b>	<b>40,631.2</b>	<b>34,722.0</b>	<b>36,232.4</b>	<b>36,232.4</b>	<b>4.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	22,574.5	26,750.0	27,260.4	27,260.4	1.9
Contractual Services	10,029.4	2,339.7	3,339.7	3,339.7	42.7
Other	4,753.2	5,632.3	5,632.3	5,632.3	0.0
<b>TOTAL USES</b>	<b>37,357.1</b>	<b>34,722.0</b>	<b>36,232.4</b>	<b>36,232.4</b>	<b>4.3</b>
<b>FTE</b>					
Permanent	350.0	359.0	359.0	359.0	0.0
<b>TOTAL FTE</b>	<b>350.0</b>	<b>359.0</b>	<b>359.0</b>	<b>359.0</b>	<b>0.0</b>

**Recommended Language**

The general fund appropriation to the community offender management program of the corrections department in the personal services and employee benefits category includes one million dollars (\$1,000,000) to administer risk-needs assessments to all offenders under supervision.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Percent turnover of probation and parole officers	10%	11%	N/A	N/A	N/A
* Outcome	Percent of contacts per month made with high-risk offenders in the community	94%	96%	97%	95%	95%
* Quality	Average standard caseload per probation and parole officer	88.0	86.0	90.0	90.0	87.0
Output	Percent of absconders apprehended	24%	24%	30%	25%	30%
Explanatory	Number of offenders on the waiting list for intensive or high-risk supervision	0.0	0.0	N/A	N/A	N/A
* Outcome	Vacancy rate of probation and parole officers	16.0%	21.0%	15.0%	20.0%	20.0%
Explanatory	Total number of offenders referred to evidence based programming	32.0	0.0	N/A	N/A	N/A
Explanatory	Percent of offenders referred to evidence based programming who complete the program	50%	0%	N/A	N/A	N/A

**REENTRY**

The purpose of the reentry program is to facilitate the rehabilitative process by providing programming options and services to promote the successful reintegration of incarcerated individuals into the community. By building educational, cognitive, life skills, vocational programs and pre- and post-release services around sound research into best correctional practices and incorporating community stakeholders throughout the effort, the reentry

program removes or reduces barriers to incarcerated persons living productively in society, thereby reducing recidivism and furthering the public safety mission of the New Mexico corrections department.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	0.0	22,875.2	21,985.8	24,485.8	7.0
Other Transfers	0.0	368.2	368.2	368.2	0.0
Other Revenues	0.0	1.5	1.5	1.5	0.0
Fund Balance	0.0	300.0	300.0	300.0	0.0
<b>TOTAL SOURCES</b>	<b>0.0</b>	<b>23,544.9</b>	<b>22,655.5</b>	<b>25,155.5</b>	<b>6.8</b>
<b>USES</b>					
Personal Services and Employee Benefits	0.0	9,820.0	9,930.6	10,555.6	7.5
Contractual Services	0.0	12,979.6	11,979.6	13,729.6	5.8
Other	0.0	745.3	745.3	870.3	16.8
<b>TOTAL USES</b>	<b>0.0</b>	<b>23,544.9</b>	<b>22,655.5</b>	<b>25,155.5</b>	<b>6.8</b>
<b>FTE</b>					
Permanent	15.0	127.0	127.0	127.0	0.0
Term	0.0	3.0	3.0	3.0	0.0
<b>TOTAL FTE</b>	<b>15.0</b>	<b>130.0</b>	<b>130.0</b>	<b>130.0</b>	<b>0.0</b>

**Recommended Language**

The general fund appropriations to the reentry program of the corrections department include twelve million three hundred thousand dollars (\$12,300,000) to implement evidence- or research-based programming and one million dollars (\$1,000,000) for supportive housing and rental assistance for offenders reentering the community.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Percent of prisoners reincarcerated within thirty-six months due to technical parole violations	32%	24%	20%	30%	15%
* Output	Percent of eligible inmates who earn a high school equivalency credential	10%	8%	80%	10%	80%
* Output	Percent of graduates from the men's recovery center who are reincarcerated within thirty-six months	28%	18%	23%	25%	20%
* Explanatory	Percent of participating inmates who have completed adult basic education	10%	10%	N/A	N/A	N/A
* Outcome	Percent of prisoners reincarcerated within thirty-six months due to new charges or pending charges	14%	14%	17%	17%	14%
* Output	Percent of graduates from the women's recovery center who are reincarcerated within thirty-six months	27%	17%	20%	25%	20%
* Explanatory	Percent of residential drug abuse program graduates reincarcerated within thirty-six months of release	22%	22%	N/A	N/A	N/A
* Outcome	Percent of sex offenders reincarcerated on a new sex offense conviction within thirty-six months of release on the previous sex offense conviction	6%	0%	5%	5%	3%
Outcome	Percent of sex offenders incarcerated receiving sex offender treatment	41%	32%	40%	40%	40%



## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of inmates who have filled out a YES New Mexico application at time of release	99%	99%	99%	99%	99%
* Outcome	Percent of prisoners reincarcerated within thirty-six months	44%	37%	40%	45%	35%
* Outcome	Percent of eligible inmates enrolled in educational, cognitive, vocational and college programs	47%	45%	60%	45%	55%
* Output	Number of inmates who earn a high school equivalency credential	118.0	82.0	165.0	125.0	140.0
Explanatory	Total number of inmates referred to evidence based programming	2,380.0	2,812.0	N/A	N/A	N/A
Outcome	Percent of sex offenders incarcerated who have completed sex offender treatment	4%	16%	10%	10%	17%
Explanatory	Percent of inmates referred to evidence based programming who complete the program	15%	17%	N/A	N/A	N/A

**PROGRAM SUPPORT**

The purpose of program support is to provide quality administrative support and oversight to the department operating units to ensure a clean audit, effective budget, personnel management and cost-effective management information system services.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	12,576.3	14,805.3	14,986.4	14,986.4	1.2
Other Transfers	203.8	78.6	78.6	78.6	0.0
Other Revenues	126.1	154.8	154.8	154.8	0.0
<b>TOTAL SOURCES</b>	<b>12,906.2</b>	<b>15,038.7</b>	<b>15,219.8</b>	<b>15,219.8</b>	<b>1.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	9,298.7	12,038.0	12,219.1	12,219.1	1.5
Contractual Services	315.8	208.2	208.2	208.2	0.0
Other	2,320.2	2,792.5	2,792.5	2,792.5	0.0
<b>TOTAL USES</b>	<b>11,934.7</b>	<b>15,038.7</b>	<b>15,219.8</b>	<b>15,219.8</b>	<b>1.2</b>
<b>FTE</b>					
Permanent	190.0	150.0	150.0	150.0	0.0
Term	2.0	1.0	1.0	1.0	0.0
<b>TOTAL FTE</b>	<b>192.0</b>	<b>151.0</b>	<b>151.0</b>	<b>151.0</b>	<b>0.0</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Graduation rate of correctional officer cadets from the corrections department training academy	78.84%	78.00%	N/A	N/A	N/A
Explanatory	Percent of employee union grievances resolved prior to arbitration	100.00%	100.00%	N/A	N/A	N/A
Quality	Percent of audit findings resolved from prior year	100.00%	0.00%	80.00%	50.00%	80.00%

### Statutory Authority

The Crime Victims Reparation Commission is created by Section 31-22-4 NMSA 1978 to protect New Mexicans from the impact of crime and to promote a stronger criminal justice system through the encouragement of all citizens to cooperate with law enforcement efforts. Eligibility for reparation awards, limits on the award per victim, and required deductions for payments received from collateral sources are specified in the law. The commission board is made up of five gubernatorial appointees.

### Mission

The mission of the Crime Victims Reparation Commission is to assist victims of violent crime by providing reimbursement for certain eligible expenses related to the crime and by making distributions of federal grants for victims' assistance in accordance with federal guidelines.

### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	6,657.5	9,881.6	12,881.6	11,072.3	12.0
Other Transfers	21.0	0.0	0.0	0.0	0.0
Federal Revenues	15,850.8	15,076.5	13,740.7	13,740.7	(8.9)
Other Revenues	837.6	756.0	732.0	756.0	0.0
Fund Balance	590.9	200.0	200.0	200.0	0.0
<b>TOTAL SOURCES</b>	<b>23,957.8</b>	<b>25,914.1</b>	<b>27,554.3</b>	<b>25,769.0</b>	<b>(0.6)</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,609.5	2,080.0	2,386.1	2,181.9	4.9
Contractual Services	4,642.3	7,684.9	10,336.3	8,615.3	12.1
Other	17,648.1	16,149.2	14,831.9	14,971.8	(7.3)
<b>TOTAL USES</b>	<b>23,899.9</b>	<b>25,914.1</b>	<b>27,554.3</b>	<b>25,769.0</b>	<b>(0.6)</b>
<b>FTE</b>					
Permanent	21.0	20.0	19.0	19.0	(5.0)
Term	7.0	9.0	9.0	9.0	0.0
<b>TOTAL FTE</b>	<b>28.0</b>	<b>29.0</b>	<b>28.0</b>	<b>28.0</b>	<b>(3.4)</b>

### At A Glance

The Crime Victims Reparation Commission requested a total budget increase of \$1.6 million in FY24 and a \$3 million increase in general fund revenue, a 30.4 percent increase. The agency's general fund request comprised an increase of \$2 million for sexual assault service funding, \$460 thousand to expand services for victims of human trafficking, \$208 thousand for direct monetary support for crime victims (victim compensation), and \$332 thousand for agency personnel and operational costs.

The LFC recommendation partially supports the request, providing a total increase in general fund revenue of \$1.2 million, or 12 percent. The recommended increase provides \$600 thousand to increase services for victims of sexual assault, \$150 thousand to expand services for victims of human trafficking, \$184 thousand for victim compensation, and \$118.2 thousand for agency operations. The recommendation further includes \$140 thousand in recurring general fund appropriations to expand victim advocates in the state.

### Budget Issues

The Crime Victims Reparation Commission (CVRC) requested an FY24 budget of \$27.6 million, including \$12.9 million from the general fund, an increase of \$3 million, or 30.4 percent, compared with its FY23 operating budget. The bulk of the requested increase (\$2 million) was to expand funding for services for victims of sexual assault by 27.7 percent. CVRC received an increase of \$2.7 million in recurring funding and \$1 million in non-recurring funding for sexual assault victim services during the 2022 regular and special legislative sessions. The agency further requested \$460 thousand to expand services for victims of human trafficking, \$208 thousand for direct monetary support for crime victims, and \$332 thousand for its own personnel and operational costs. CVRC's request also anticipated a \$1.3 million (8.9 percent) reduction in federal funding in FY24, primarily due to a reported 22 percent reduction in available Victims of Crime Act (VOCA) funding for service providers.

Rising violent crime in New Mexico in recent years has necessitated increased victim compensation and services. CVRC approved \$2.5 million in payments in FY22, an 8 percent increase compared with FY21. In FY22, the agency received 3,778 compensation applications, 8.4 percent more than FY21, of which 3,317 were approved, an increase of 20.4 percent compared with the number of applications approved last year. The commission also approved \$19.3 million in grants to local organizations to provide shelter, counseling, and other assistance, a 6.3 percent decrease in provider funding compared with FY21. The agency's FY23 operating budget includes \$2.3 million for direct payments to victims and \$21 million for grants for victim services, and the commission's FY24 request included \$2.6 million for victim compensation and \$22.1 million for grants.

Effectively addressing victim needs is an essential component of improving public safety in New Mexico. A wide body of research has found most offenders were themselves victimized. Meeting victim needs can, therefore, be understood as addressing both the consequences of crime and one of its root causes. Furthermore, adequately serving victims' needs may help improve their cooperation with prosecutors, reducing criminal case dismissals and increasing the certainty of justice within the New Mexico criminal justice system. Issues with victim cooperation are responsible for a significant number of criminal case dismissals. Between FY18 and FY20, the 4th Judicial District Attorney reported 14 percent of case dismissals were due to issues with victim or witness cooperation, while an additional 5 percent were due to other issues with victims or witnesses. In an analysis of a sample of individuals charged with four or more separate felonies within the Bernalillo County criminal justice system from 2011 to 2017, LFC's evaluators found issues with victim or witness cooperation were the second most common reason for felony cases to be dismissed (behind issues with evidence collection) and were responsible for 24 percent of total dismissals. Additionally, an analysis of case dismissals in 2016 and part of 2017 by the 2nd Judicial District Court found 9 percent of cases were dismissed due to issues with victims specifically, while an additional 4 percent of dismissals were due to victim or witness cooperation issues.

CVRC addresses victim needs in two ways: by providing direct compensation to crime victims for necessary services and expenditures and by funding programs that provide free services to victims. While the agency was originally created primarily for the purpose of providing direct compensation, funding service providers is not inconsistent with its statutory authority. However, in recent years the agency has received significant increases in federal funds, which expanded existing services and funded new programs statewide. As a result, the vast majority of state and federal funds passing through CVRC are expended on grants to victim service providers. Funding service providers ensures crime victims have access to resources soon after the incident and assist victims in submitting compensation applications to cover medical expenses, rent and relocation, loss of wages, and funeral expenses. Additionally, victims in rural communities may struggle to access some of the services compensation is intended to pay for (like counseling), and directly funding service providers allows CVRC to help establish programs in underserved communities.

**Victim Compensation.** The agency's FY24 budget request increased funding for direct victim compensation by \$246.8 thousand (10.7 percent). The request increased the amount of general fund revenue for victim compensation by \$208 thousand to account for anticipated increases in compensation payments and reduced revenues from crime victims reparation fees and inmate wages, which made up 56 percent of funds used for victim compensation payments in FY22. The agency has experienced a substantial increase in the number of applications for direct funding received in FY23 to date and anticipates compensation needs will continue to rise. Decreased revenues were provided for in the FY23 operating budget, but the agency anticipates additional decreases in FY24. CVRC has previously used crime victims reparation fund balance to supplement reduced revenues but has largely depleted its fund balance, making such a practice unsustainable going forward, and fund balance uses were reduced in the FY23 operating budget. The agency's FY24 request for fund balance is flat with the operating budget.

The LFC recommendation anticipates \$24 thousand more in revenues from crime victims reparation fees and inmate wages than the agency's request, which more closely aligns with FY22 actual revenues from these sources and is flat with the FY23 operating budget. The recommendation consequently provides \$24 thousand less from the general fund than requested to supplement these reduced revenues for a total increase of \$184 thousand compared with the FY23 operating budget.

The commission's request anticipated federal funding for victim compensation will increase slightly, by \$62.8 thousand, which is also included in the recommendation.

**Grant Administration.** New Mexico's existing victim services are often insufficient to meet its high need, and filling these gaps with effective services could help improve victim outcomes. For FY24, CVRC requested a \$2 million increase for funding for sexual assault services (including \$1.5 million for sexual assault service providers and sexual assault nurse examiners and \$500 thousand for a statewide sexual assault hotline) and \$460 thousand to increase services for victims of human trafficking. During the 2022 regular and special legislative sessions, the agency received significant increases in funding for grants to victim services providers, including \$2.9 million in recurring increases from the general fund and \$1.4 million in nonrecurring general fund appropriations. The LFC recommendation partially funds the requested increases for victim services by providing \$600 thousand to expand sexual assault victim services and doubling funding for human trafficking victim services with an additional \$150 thousand.

In 2020, New Mexico had the 10th highest rate of rape of any state, with the FBI estimating a total of 1,170 incidents, a 14 percent decline from 2019, although reported cases represent only a fraction of sexual assaults in the state. The National Intimate Partner and Sexual Violence Survey shows a total of 11.5 thousand reported and unreported adult victims of rape in the state in 2019. According to CVRC, 7,408 sexual assault survivors received services through state-funded service providers in FY22 and 21.3 thousand used the rape crisis hotline, while sexual assault nurse examiners con-

ducted 912 exams of adult victims and 403 of children. The New Mexico Coalition of Sexual Assault Programs (NMCSAP) reports child sexual assaults represented 41 percent of reported sexual assaults in New Mexico in 2019, with one in four girls and one in six boys experiencing sexual violence prior to adulthood; in 2020, the share of reported sexual assaults due to assaults on children increased to 47 percent. Using funds appropriated during the 2022 legislative session and awarded by CVRC, NMCSAP is engaging in a statewide victimization survey for the first time in almost two decades to collect the data necessary to better identify and assess the state's specific needs.

The 2022 General Appropriation Act included \$500 thousand in a nonrecurring general fund appropriation to support law enforcement-based advocates for victims of gun violence and violent crime. However, CVRC has reported reticence from law enforcement agencies to apply for nonrecurring funding for staff positions. The LFC recommendation includes \$140 thousand in recurring general fund appropriations to support the expansion of the number of victim advocates in the state.

CVRC's FY24 budget request also anticipated a \$1.4 million reduction in federal funding for grants, which is reflected in the committee's recommendation.

**Agency Operations.** The FY24 budget request represented a \$351.1 thousand, or 13.6 percent, increase in funds for agency operations from all revenue sources compared with the FY23 operating budget, a slight increase in the percentage of revenues used to fund agency operations compared with FY23, from 10 percent to 10.7 percent. The requested increase for operations was primarily from the general fund, from which the agency requested \$333.5 thousand more, including \$294.4 thousand in increased funding for personnel to reduce the agency's budgeted vacancy rate. CVRC has several unfunded vacant positions in its Victim Compensation Program, and while it has some vacancy savings in the Grant Administration Program, these savings are entirely from federal funds and cannot be used to fund the other program's positions. The LFC recommendation provides an additional \$90.2 thousand in personnel funding from the general fund, sufficient for the agency to fill one of its unfunded vacant positions in the Victim Compensation Program and make other minor adjustments, including salary adjustments. The recommendation also provides slightly under \$30 thousand for other operational cost increases, including upgrades to the agency's website.

## VICTIM COMPENSATION

The purpose of the victim compensation program is to provide financial assistance and information to victims of violent crime in New Mexico so they can receive services to restore their lives.

### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	6,657.5	2,015.8	2,552.5	2,313.2	14.8
Other Transfers	21.0	0.0	0.0	0.0	0.0
Federal Revenues	0.0	1,089.3	1,159.7	1,159.7	6.5
Other Revenues	837.1	756.0	732.0	756.0	0.0
Fund Balance	590.9	200.0	200.0	200.0	0.0
<b>TOTAL SOURCES</b>	<b>8,106.5</b>	<b>4,061.1</b>	<b>4,644.2</b>	<b>4,428.9</b>	<b>9.1</b>
<b>USES</b>					
Personal Services and Employee Benefits	1,139.0	1,379.9	1,679.7	1,475.5	6.9
Contractual Services	4,631.4	35.9	62.9	51.9	44.6
Other	2,278.7	2,645.3	2,901.6	2,901.5	9.7
<b>TOTAL USES</b>	<b>8,049.1</b>	<b>4,061.1</b>	<b>4,644.2</b>	<b>4,428.9</b>	<b>9.1</b>
<b>FTE</b>					
Permanent	19.0	19.0	18.0	18.0	(5.3)
Term	1.0	2.0	2.0	2.0	0.0
<b>TOTAL FTE</b>	<b>20.0</b>	<b>21.0</b>	<b>20.0</b>	<b>20.0</b>	<b>(4.8)</b>

**Recommended Language**

The other state funds appropriation to the victim compensation program of the crime victims reparation commission in the other category includes nine hundred fifty-six thousand dollars (\$956,000) for care and support.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Explanatory	Average compensation paid to individual victims using federal funding	\$0	\$1,836	N/A	N/A	N/A
Efficiency	Average number of days to process applications	28.0	43.0	45.0	60.0	45.0
Explanatory	Number of victims receiving direct advocacy	1,299.0	1,025.0	N/A	N/A	N/A
Outcome	Reimbursement rate for victim services providers	65%	65%	65%	65%	65%
Explanatory	Number of crime victims compensation applications received	3,486.0	3,778.0	N/A	N/A	N/A
* Explanatory	Average compensation paid to individual victims using state funding	NEW	\$1,836	N/A	N/A	N/A
Explanatory	Percent of victim compensation applications approved for federal funding	NEW	88%	N/A	N/A	N/A
Explanatory	Percent of victim compensation applications approved for state funding	0%	88%	N/A	N/A	N/A

**GRANT ADMINISTRATION**

The purpose of the grant administration program is to provide funding and training to nonprofit providers and public agencies so they can provide services to victims of crime.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	0.0	7,865.8	10,329.1	8,759.1	11.4
Federal Revenues	15,850.8	13,987.2	12,581.0	12,581.0	(10.1)
Other Revenues	0.4	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>15,851.2</b>	<b>21,853.0</b>	<b>22,910.1</b>	<b>21,340.1</b>	<b>(2.3)</b>
<b>USES</b>					
Personal Services and Employee Benefits	470.4	700.1	706.4	706.4	0.9
Contractual Services	10.9	7,649.0	10,273.4	8,563.4	12.0
Other	15,369.4	13,503.9	11,930.3	12,070.3	(10.6)
<b>TOTAL USES</b>	<b>15,850.7</b>	<b>21,853.0</b>	<b>22,910.1</b>	<b>21,340.1</b>	<b>(2.3)</b>
<b>FTE</b>					
Permanent	2.0	1.0	1.0	1.0	0.0
Term	6.0	7.0	7.0	7.0	0.0
<b>TOTAL FTE</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>0.0</b>

**Recommended Language**

The general fund appropriation to the grant administration program of the crime victims reparation commission in the other category includes one hundred forty thousand dollars (\$140,000) for victim advocates.

PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Efficiency	Percent of federally funded subgrantees receiving compliance monitoring via desk audit	100%	100%	100%	100%	100%
Efficiency	Percent of federally funded subgrantees receiving site visits	NEW	0%	40%	40%	40%
Outcome	Percent of subgrantees in compliance with federal quarterly performance measure reporting for providing effective services to crime victims	100%	100%	100%	100%	100%
Explanatory	Number of crime victim service provider programs that received federal funding statewide	86.0	87.0	N/A	N/A	N/A
Efficiency	Percent of sexual assault service provider programs that receive compliance monitoring via desk audit	NEW	100%	95%	95%	100%
Explanatory	Number of victims who received services through federally funded victim services provider programs statewide	NEW	25,917.0	N/A	N/A	N/A
* Explanatory	Number of sexual assault service provider programs receiving state funding statewide	3,945.0	20.0	N/A	N/A	N/A
Explanatory	Number of incidents of intimate-partner violence that resulted in death reviewed by the homicide death review team	NEW	59.0	N/A	N/A	N/A
* Efficiency	Percent of state-funded subgrantees that received site visits	NEW	0%	40%	40%	40%
Explanatory	Number of intimate-partner violence survivors who accessed the civil legal services hotline	NEW	1,166.0	N/A	N/A	N/A
Explanatory	Number of intimate-partner violence survivors receiving civil legal services statewide	NEW	486.0	N/A	N/A	N/A
* Explanatory	Number of sexual assault survivors who received services through state-funded victim services provider programs statewide	NEW	7,408.0	N/A	N/A	N/A
Efficiency	Percent of state-funded subgrantees that received compliance monitoring via desk audit	0%	100%	90%	90%	100%
Explanatory	Number of victims who received services through state-funded victim services provider programs statewide	NEW	9,095.0	N/A	N/A	N/A

**Statutory Authority**

The Department of Public Safety Act, Sections 9-19-1 through 9-19-11 NMSA 1978, creates the Department of Public Safety (DPS), a cabinet department. The creation of DPS in 1987 was intended to provide overall coordination and access for all law enforcement functions in the state. The act incorporates the State Police, Law Enforcement Academy, Alcohol Beverage Control Enforcement, and Civil Emergency Preparedness Division of the Department of Military Affairs. On July 1, 1998, the Motor Transportation Division, formerly part of the Taxation and Revenue Department, was transferred to DPS. Sections 9-28-1 through 9-28-7 NMSA 1978 remove the Emergency Management and Homeland Security Support Program and create the Homeland Security and Emergency Management Department.

**Mission**

The mission of the Department of Public Safety is to provide the best and most efficient law enforcement, support, and emergency services available to protect and secure the people of New Mexico in their lives, homes, and communities. DPS's areas of focus are drunken driving, drug crime, violent crime, and traffic safety.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	128,750.5	150,160.7	163,146.5	159,245.3	6.0
Other Transfers	3,962.4	5,392.2	10,550.8	10,550.8	95.7
Federal Revenues	13,432.7	14,267.5	14,880.8	14,888.5	4.4
Other Revenues	6,696.2	9,214.6	8,726.9	9,025.7	(2.1)
Fund Balance	0.0	980.0	705.0	788.5	(19.5)
<b>TOTAL SOURCES</b>	<b>152,841.8</b>	<b>180,015.0</b>	<b>198,010.0</b>	<b>194,498.8</b>	<b>8.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	109,348.8	134,851.6	144,033.4	142,554.2	5.7
Contractual Services	3,920.0	5,873.1	5,523.1	5,484.2	(6.6)
Other	36,542.4	39,290.3	48,453.5	46,460.4	18.2
<b>TOTAL USES</b>	<b>149,811.2</b>	<b>180,015.0</b>	<b>198,010.0</b>	<b>194,498.8</b>	<b>8.0</b>
<b>FTE</b>					
Permanent	1,157.0	1,135.0	1,202.0	1,170.0	3.1
Term	83.0	118.0	117.0	117.0	(0.8)
Temporary	6.0	55.3	55.3	55.3	0.0
<b>TOTAL FTE</b>	<b>1,246.0</b>	<b>1,308.3</b>	<b>1,374.3</b>	<b>1,342.3</b>	<b>2.6</b>

**At A Glance**

For FY24, the Department of Public Safety (DPS) requested a total budget of \$198 million, an increase of \$18 million compared with FY23, which included \$163.1 million from the general fund, a \$13 million, or 8.6 percent, increase. The general fund request was composed of a \$3.6 million base increase and a \$9.1 million expansion, which included the addition of 66 FTE. In the base, DPS's requested increases focused primarily on adjusting state police officer pay, equipment, and IT needs. The agency requested 10 expansions, which included the creation of the Law Enforcement Certification Board and Law Enforcement Standards and Training Council, new entities established by Laws 2022, Chapter 56, (House Bill 68). The request also made adjustments in other funding sources, with the most significant changes due to the enactment of HB68, which increased benefits for the families of law enforcement officers killed in the line of duty and created a new law enforcement retention fund distributed by DPS to local law enforcement agencies, New Mexico State Police (NMSP), and other state agencies that employ law enforcement officers.

The LFC recommendation of \$194.5 million represents an increase of \$14.5 million compared with FY23 and includes a \$9.1 million, or 6 percent, increase in general fund revenue. The recommendation fully supports the agency's request for state police officer pay and partially supports other priorities for state police. While the agency requested a number of significant expansions to add positions in key areas, the LFC recommendation recognizes the agency's difficulty in filling its existing positions at current pay rates and supports the addition of 29 expansion FTE with \$3.9 million while reprioritizing funding to increase compensation for key positions including dispatchers, forensic scientists, and staff in the Law Enforcement Records



Bureau (LERB), Information Technology Division, and Administrative Services Division (ASD). The recommendation also adds five new victim advocates.

### Budget Issues

For FY24, DPS requested a total budget of \$198 million, an increase of \$18 million, or 10 percent, compared with FY23. The request included \$163.1 million from the general fund, a \$13 million (or 8.6 percent) increase, comprising a \$3.6 million (2.4 percent) base increase and a \$9.3 million expansion. In the base, DPS requested general fund increases of \$3.6 million in the Law Enforcement Program and \$35 thousand in the Statewide Law Enforcement Support (SLES) Program, while requesting a flat base budget for Program Support. These requested base increases included \$2.1 million for increases to state police officer pay to place 250 personnel in the correct pay rank step based on their years of service, \$842.8 thousand for IT maintenance and support, and \$732 thousand for tasers and ammunition.

Given DPS's high vacancy rates and difficulty recruiting and retaining personnel in key areas (such as dispatch, the forensic laboratory, and ASD), the LFC recommendation only partially supports the requested expansions and instead reprioritizes some funds to provide compensation increases to help fill vacant positions and retain current staff. Overall, the LFC recommendation of \$194.5 million represents an increase of \$14.5 million, or 8 percent, and includes a \$9.1 million, or 6 percent, increase in general fund revenue. The recommendation for the base supports the entirety of the agency's request for state police officer pay and IT maintenance and support but only partially supports the agency's request for additional funding for equipment, which the committee recommends funding primarily through a nonrecurring special appropriation. In addition, the LFC base budget recommendation provides \$1.8 million in targeted pay increases for priority areas, including \$1.2 million for dispatchers, \$294.4 thousand for ASD personnel, \$134.9 thousand for LERB personnel, \$100 thousand for forensic scientists, and \$70.3 thousand for IT staff. The base budget recommendation further provides \$415 thousand for five new victim advocates.

The agency's 10 requested expansions included adding 18 FTE and equipment to the forensic lab (\$3.6 million), establishing the new Law Enforcement Certification Board (\$1.5 million and 12 FTE) and Law Enforcement Standards and Training Council (\$1.3 million and 11 FTE), adding 10 FTE to the Information Technology Division (\$1.3 million), adding 10 FTE to LERB (\$1.1 million), and adding 5 FTE to ASD (\$520.4 thousand). The recommendation partially supports the requested expansions to increase staff in some of these areas, including providing \$739.8 thousand for 4 FTE and equipment in the forensic lab, \$524 thousand for 4 FTE in IT, and \$332.9 thousand for 3 FTE in LERB. Additionally, the recommendation partially supports the requested expansion for the Certification Board with \$961.1 thousand and 7 FTE and fully supports the request for the Standards and Training Council.

The agency's budget request for transfers included increases of \$1.5 million to account for increased death benefits for law enforcement officers killed in the line of duty (which will rise from \$250 thousand to \$1 million in FY24) and \$3 million for the law enforcement retention fund (which provides distributions to law enforcement agencies for retention stipends), changes which are due to provisions in HB68. The LFC recommendation supports the agency's request for other funding sources and adds \$382.3 thousand from other state funds and \$7,700 in federal funds for pay raises for LERB staff paid from the concealed carry unit fund, LERB fees, and federal funds, which align with the general fund increases provided for other LERB staff.

**New Mexico State Police.** In FY22, NMSP officers responded to 254.4 thousand calls for service, including making 164.1 thousand traffic stops, a 24 percent decline in calls and a 19 percent reduction in stops compared with FY21 and FY20, which saw a substantial decline from FY19, including large declines in traffic stops. State police made 1,494 felony arrests and 3,992 misdemeanor arrests in FY22; overall, arrests fell 7 percent in FY22 compared with FY21.

State police averaged a force of 635 officers in FY22, a 12.1 percent overall vacancy rate and an 11.5 percent vacancy rate among positions supported by the general fund. After officers received substantial pay increases in FY23 and the agency received \$2 million to expand its recruit and lateral schools, the agency is well positioned to expand its force strength and currently projects it will end FY23 with 655 commissioned officers, up 3 percent from the end of FY22. NMSP struggled to sustain its force after it eliminated its practice of hiring "laterally" (hiring officers from other agencies) in late 2019, and the agency has seen substantial improvements since resuming the practice in FY22. Last year, DPS reported women and Native American men were significantly underrepresented among state police officers.

In addition to increased pay in FY23 and expanded class sizes, the requested increase to state police officer pay will allow the agency to properly place personnel in the correct pay rank step based on their years of service, the final component of the agency's new state police pay plan, and should help improve officer retention. These changes are necessary to combat unusually high retirement rates—a record 46 officers retired in FY22, more than double the retirements in FY21 and 140 percent more than the average 19 retirements between FY16 and FY21.

**Law Enforcement Officer Recruitment and Retention.** Investing in recruitment and retention of high-quality law enforcement officers is an important component of protecting and improving public safety. HB68 created two new programs to support law enforcement officer recruitment and retention, which the 2022 General Appropriation Act (GAA) funded with \$55 million in nonrecurring general fund appropriations. The law enforcement retention fund, administered by DPS, provides officers with one-time retention differential payments equivalent to 5 percent of their annual salary on five-year intervals. The GAA included \$5 million for this purpose, and HB68 further redirected residual balances in the law enforcement protection fund (LEPF)



to the retention fund beginning in FY24. Although LEPF revenues were anticipated to fully fund the retention payments in future years, recently discovered errors in revenue distributions to the fund (discussed below) may put the program—as well as other funding for programs at DPS and local law enforcement agencies—at risk.

HB68 also created a new program within the Department of Finance and Administration (DFA) to distribute up to \$50 million over five years to local law enforcement agencies for recruitment and retention stipends, prioritizing increasing agencies' investigative capacity. However, due to vetoes of language, these funds could also be used for other recruitment and retention strategies and the majority of the funding was awarded without a clear or rigorous application process. In September, \$41.5 million from the fund was awarded to 29 law enforcement agencies for the purpose of hiring over 300 new officers, although the executive has since clarified funds may also be used for stipends. Awards were made based on a survey sent to agencies by DPS that was not identified as an application, and many agencies, including eight of the 20 largest local law enforcement agencies in the state, consequently did not prioritize responding and were excluded from the first round of funding. It is unclear how carefully agencies' responses to the DPS survey were vetted to ensure accuracy, or if agencies' capacity to hire the number of officers for which they received funding was considered in making awards. For example, an \$8.8 million award to the Las Cruces Police Department appears to be based on inaccurate information regarding the agency's vacant positions.

**Law Enforcement Protection Fund.** The LEPF provides funding to local law enforcement agencies for training, equipment, and retention payments, as well as additional funds for state police operations and the New Mexico Law Enforcement Academy (NMLEA). The fund is set to receive 10 percent of insurance tax revenue from life, general casualty, and title insurance business. The Office of the Superintendent of Insurance (OSI) managed the insurance premium tax program (which distributes insurance tax funds) until 2020, when administration of the program transferred to the Taxation and Revenue Department (TRD). Since then, TRD has updated the tax returns for the program, which it contends allows them to appropriately manage the program, but the agency has been unable to provide data documenting accurate revenues and distributions.

These changes have created uncertainty in revenue to the LEPF, which comes after the Legislature substantially increased distributions from the fund based on potentially incorrect prior year revenues. Between FY11 and FY20, the fund saw a 37 percent increase in revenue, with an average year-over-year increase of 5 percent and \$19.9 million distributed to the fund in FY20. Using projections based on these past revenues and anticipated continued increases, the Legislature increased distributions from the fund during the 2020 and 2022 legislative sessions, which resulted in an additional distribution of at least \$4.8 million in FY23 and an anticipated increase of \$10.1 million more in FY24, with substantial projected unused revenue (\$3.9 million in FY24 and \$5.4 million in FY25) reverting to the law enforcement retention fund to allow that program to continue.

In FY21, the LEPF received \$16.4 million in revenue, a drop of 17 percent compared with the prior year, and in FY22 it received \$5.9 million, less than a third of its FY21 revenue and far below the \$24.1 million projected. These changes threaten the \$224.3 thousand NMLEA is set to receive for officer training and the \$2 million available for state police in the event of governor-ordered special deployments. At current revenue levels, the retention program will have to reduce distributions in FY24 and will be insolvent by FY25, resulting in about 20 percent of law enforcement officers receiving a 5 percent retention stipend in FY23, 20 percent receiving a smaller stipend in FY24, and the remaining 60 percent receiving no stipends in FY25, FY26, and FY27. Death benefits for the families of officers killed in the line of duty were also set to increase in FY24, from \$250 thousand to \$1 million, but these benefits are funded from the LEPF. Local law enforcements will be the hardest hit by these changes, and instead of seeing average distributions more than double between FY22 and FY24, agencies' distributions are anticipated to be prorated based on available funds; they are unlikely to see distributions above FY22 levels and may even see reduced funding.

DFA apparently has already made distributions to local law enforcement agencies for FY23 that substantially exceed the revenue the agency received in FY22 and will likely exceed FY23 revenues as well. In September, DFA distributed \$10.2 million to local law enforcement agencies after transferring \$750 thousand to DPS for officer survivor benefits in July. If FY23 revenues are similar to FY22, the fund will be deficient by over \$5 million.

**Police Uses of Force.** NMSP investigates all its officers' uses of force and reports 248 uses of force in FY22, a 5.7 percent decrease compared with FY21 but 27.2 percent higher than FY20. The agency further reports eight officer-involved shootings compared with 12 in the prior year, with three resulting in death. Citizen injuries were reported in 35.1 percent of use of force incidents (slightly less than half of which resulted in hospitalization), with the most common injury types reported as abrasions and taser punctures. Officers were reported to have been injured in 10.5 percent of incidents (half of which resulted in the officer's hospitalization), and of the 611 charges resulting from incidents in which force was used, 11.8 percent were for assault or battery on a peace officer.

Between 2017 and 2021, New Mexico had the second highest per capita rate of people killed by police, with 114 individuals killed, a rate almost triple the national average. New Mexico law enforcement agencies reported 59 officer-involved shootings to DPS in FY22, a 9 percent increase compared with the 54 reported FY21, but 48 percent more than the 40 reported in FY20. At least 25 individuals were killed during interactions with law enforcement officers, but the share of shootings that resulted in fatalities decreased slightly, from 46 percent in FY21 to 42 percent in FY22. NMSP investigates most officer-involved shootings in the state, either as the sole investigating agency, the lead agency in a multiagency task force, or a participating agency in a multiagency task force. In FY22, state police participated in the investigations of 54 of the shootings, including all of the incidents involving NMSP officers.

**Accountability and Oversight.** Independent oversight of law enforcement may help improve public confidence in police, encourage citizen reporting and cooperation with law enforcement, and ultimately make the state safer. The Law Enforcement Academy Board (LEAB) has historically been tasked with developing the standards and training required of police officers and dispatchers in New Mexico and has been responsible for granting, denying, suspending, or revoking an officer or dispatcher's certification. Although the board was established as an independent entity, it has not had its own budget, and its staff are employees of the New Mexico Law Enforcement Academy, part of DPS. Other board expenses have also flowed through DPS's budget. As a result, the agency responsible for police officer oversight has been functionally dependent on an agency that also includes NMSP, creating potential conflict-of-interest concerns.

HB68 made substantial changes to this system to help ameliorate those concerns and improve training and oversight officers and dispatchers. Starting in FY24, the bill redefines the role and composition of LEAB and implements new basic and in-service training requirements for law enforcement officers and dispatchers. The bill splits the training and certification functions of LEAB into two separate entities: the New Mexico Law Enforcement Standards and Training Council, tasked with developing standards and training for officers and dispatchers, and the Law Enforcement Certification Board, tasked with granting, denying, suspending, or revoking officers' and dispatchers' certifications. Additionally, the bill requires the curriculum of basic and in-service training for officers and dispatchers to include crisis management and intervention, dealing with individuals who are experiencing mental health issues, methods of de-escalation, peer-to-peer intervention, stress management, racial sensitivity, and reality-based situational training. Officers must also receive use-of-force training that eliminates the use of choke holds. Beginning in FY23, NMLEA (which will be overseen by the Standards and Training Council starting in FY24) is set to receive a new \$200 thousand distribution from the LEPF to design and provide new training programs, although this funding is now at risk. Increased LEPF distributions to local law enforcement agencies (which can be used for training) were also anticipated to help those agencies meet new requirements, but these increases may not materialize.

Funding and staff for LEAB and NMLEA were comingled prior to FY22, when the Legislature dedicated \$300 thousand and 5 FTE for LEAB to carry out its oversight duties outside of training. After receiving a substantial expansion in FY23, LEAB has a base budget of \$1.1 million and 13 FTE, which is anticipated to transition to the Certification Board on its establishment in FY24. DPS requested an additional expansion of \$1.5 million and 12 FTE for the Certification Board to take on its new responsibilities under HB68 and operate independently. The request included \$522.5 thousand and 5 FTE to carry out the function of administrative prosecution of law enforcement officers and dispatchers, currently a duty of the Office of Attorney General, and a statutory change would be required to transfer this duty. As a result, the LFC recommendation for the DPS operating budget includes only the \$961.1 thousand and 7 FTE to fulfill the Certification Board's current statutory duties, but the committee also recommends a \$522.5 thousand special appropriation (along with the 5 additional FTE) contingent on legislation transferring the duty of administrative prosecution to the Certification Board.

**Dispatch and Commercial Motor Vehicle Inspections.** Over the past three years, the Legislature has invested \$1.9 million into improving pay and reducing vacancies among dispatchers and transportation inspectors, with dramatically different results. While transportation inspector vacancies have fallen from 27 percent in FY20 to 7 percent in the first quarter of FY23, vacancy rates among dispatchers have risen from 24 percent to 36 percent. Dispatcher vacancies critically impact officer and public safety, increasing the risk of missed radio transmissions and abandoned emergency calls.

A staffing study conducted by DPS in 2019 found dispatcher starting salaries at all levels were significantly below other law enforcement agencies and recommended both in-band pay increases of 10 percent and that the agency work with the State Personnel Office (SPO) to increase pay ranges. In FY20, dispatchers made an average of \$35.4 thousand annually. The Legislature invested \$1 million from the general fund into increasing these salaries in FY21, FY22, and FY23, but although salaries increased 36 percent between 2019 and 2022, they still averaged just \$48.1 thousand in November 2022, and the agency has lost 27 percent of its dispatchers over the past three years. The LFC recommendation includes \$1.2 million to substantially increase dispatcher salaries and make them competitive with other state and local law enforcement agencies, including agencies in New Mexico and nearby states.

DPS's 2019 staffing study also recommended a 10 percent increase in transportation inspector salaries and working with SPO to increase pay ranges. Transportation inspectors made an average of \$32.2 thousand annually in FY20, but after \$851.2 thousand in investments from the general fund by the Legislature to increase these salaries in FY21, FY22, and FY23, salaries rose to an average of \$53.3 thousand, a 65 percent increase, and the agency increased its transportation inspectors by 27 percent. The discrepancies in salary changes between transportation inspectors and dispatchers likely explain why transportation inspector vacancy rates have fallen so dramatically while dispatcher vacancies continue to rise.

**Crime Reporting.** DPS is required to collect and report crime data from all law enforcement agencies but has not publicly reported this data as it transitions to the National Incident Based Reporting System (NIBRS) required by the FBI. Unfortunately, many law enforcement agencies, including NMSP, are not yet reporting through NIBRS. As of September, 55 percent of the state's 116 nontribal law enforcement agencies were reporting to the system, with an additional 14 percent testing in the system, which takes a minimum of six months. The remaining 31 percent of agencies were not reporting at all. The 2022 GAA included \$100 thousand in recurring funds for DPS to support other law enforcement agencies' compliance with crime reporting and other statutory reporting requirements. Notably, HB68 also made agencies' LEPF distributions contingent on complying with statutory reporting requirements.

Lack of reporting makes it impossible to accurately understand crime trends in the state because 2021 marked the first year the FBI's national crime statistics relied solely on information provided via NIBRS. Many other states have also struggled to reach NIBRS compliance. Nationally, about 63 percent of law enforcement agencies covering 64 percent of the population provided data through NIBRS for 2021; comparatively, 85 percent of agencies reported data in 2020 using the previous system. In New Mexico, 33 percent of law enforcement agencies covering 61 percent of the state's population submitted 2021 data through NIBRS; in 2020, 95 percent of New Mexico law enforcement agencies reported data. The FBI estimates total crimes based on agencies reporting, meaning its estimates for crimes committed and crime rates for 2021 are substantially less reliable than those provided in prior years. The FBI did not provide estimated crime rates for New Mexico for 2021 because reporting agencies accounted for less than 80 percent of the population.

**Forensic Laboratory.** Vacancy rates among forensic scientists and technicians averaged 25 percent in FY22, with vacancies increasing from 22.4 percent in the first quarter to 26.5 percent in the third and fourth quarters. As of November 2022, 14 positions were unfilled, a 28 percent vacancy rate. Training of forensic scientists can take one to two years before full productivity is reached. As a result, high turnover rates increase the number of non-productive hours, impacting the bureau's performance. In FY22, the bureau achieved its target and made progress on backlogged cases for two of four reported case types, with the backlog in latent fingerprint cases falling to just seven at the close of the year. Overall, the forensic laboratory completed analysis on 31 percent more cases in FY22 than in FY21 and reduced its backlog by almost 2,000 cases, or 29 percent. Comparatively, in FY20, when vacancies averaged 30.7 percent, the bureau missed targets for three of four case types and did not make any progress on its backlog.

Forensic scientists and technicians received 3 percent pay increases in both FY21 and FY22, and in FY23 the Legislature appropriated \$449.2 thousand from the general fund to add four new positions to support the laboratory and implement a new pay plan for scientists and technicians, providing an average increase of 12 percent across existing filled positions. DPS is also working with SPO on a salary study for the laboratory, which the agency believes will support adding higher level forensic scientist positions to provide more options for career advancement among laboratory staff and improve retention. Although the study is ongoing, forensic scientist salaries continue to lag behind those of other states, and the LFC recommendation includes \$100 thousand to implement raises based on the results of the study.

Since 2016, the Legislature has appropriated over \$45 million for a new forensic laboratory and evidence storage center. The new evidence center opened in summer 2022, and the laboratory is expected to be complete in early 2023.

### Base Expansion

DPS requested 10 expansions totaling \$9.3 million and adding 66 FTE across two of its three programs. The LFC recommendation partially or fully supports all five of the expansions requested in SLES and does not support any of the expansions requested in Program Support, with a total of \$3.9 million and 29 FTE. As discussed above, the recommendation reprioritizes some funds requested for new positions to instead fund compensation increases to help fill vacant positions and retain current staff.

**Statewide Law Enforcement Support.** DPS requested five expansions totaling \$8.8 million and adding 61 FTE in SLES. Three of the requested expansions should more properly be considered as requests to increase the base budget because they are intended to help the agency better fulfill existing functions: adding 10 FTE for LERB, 10 FTE for IT, and 18 FTE and additional equipment for the forensic laboratory. The expansion requests for the new Law Enforcement Certification Board (including 12 FTE) and Law Enforcement Standards and Training Council (including 11 FTE) established by HB68 reflect true expansions of agency functions and responsibility. However, five of the 12 positions requested for the Certification Board assume the function of administrative prosecution of law enforcement officers will transfer from the Office of Attorney General to the board, which would require statutory changes.

The LFC recommendation provides sufficient funding to add 3 FTE to LERB, 4 FTE to IT, and 4 FTE and equipment for the forensic laboratory, a total of \$1.6 million. Additional funding totaling \$305.2 thousand for targeted compensation increases in those areas are recommended as additions to the base budget. The recommendation for the Certification Board expansion funds the 7 FTE whose duties are required under current statute, as well as the entirety of the request in the other category, a total of \$961.1 thousand, while the remaining \$522.5 thousand for 5 more FTE is recommended as a special appropriation contingent on legislation transferring the function of administrative prosecution to the board. The recommendation for the Standards and Training Council fully funds the request of \$1.3 million and 11 new FTE. Overall, the recommendation supports the addition of \$3.9 million and 29 new FTE as expansions to SLES.

**Program Support.** DPS requested five expansions to Program Support totaling \$520.4 thousand to add 5 FTE, including a budget analyst, a purchasing agent, a human resources analyst, an equal employment opportunity specialist, and an attorney. LFC does not recommend funding for any new positions at this time given the program's high vacancy rate, but instead provides \$294.9 thousand as an increase to the base budget to support realignment of the program's existing positions to improve recruitment and retention.

**BASE EXPANSION LISTING  
FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Equal Employment Opportunity Compliance Specialist	P503	91.3	0.0
1	IT Additional Positions	P786	1,309.9	524.0
1	Lab Additional Positions	P786	3,599.9	739.8
1	Law Enforcement Academy Additional Positions Certification Board	P786	1,483.6	961.1
1	Law Enforcement Academy Training Council	P786	1,325.1	1,325.1
1	Law Enforcement Records Bureau Additional Positions	P786	1,109.7	332.9
2	Human Resource Analyst - Senior	P503	88.0	0.0
3	Budget Analyst - Advanced	P503	88.4	0.0
4	Purchasing Agent-Advanced	P503	90.9	0.0
5	Attorney IV - IPRA	P503	161.8	0.0
<b>TOTAL</b>			<b>9,348.6</b>	<b>3,882.9</b>

**LAW ENFORCEMENT PROGRAM**

The purpose of the law enforcement program is to provide the highest quality of law enforcement services to the public and ensure a safer state.

**BUDGET SUMMARY  
(dollars in thousands)**

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	112,055.6	127,685.8	131,288.0	131,837.4	3.3
Other Transfers	3,134.7	4,399.7	6,558.3	6,558.3	49.1
Federal Revenues	8,780.4	8,504.1	9,117.4	9,117.4	7.2
Other Revenues	1,468.6	2,802.7	2,315.0	2,315.0	(17.4)
<b>TOTAL SOURCES</b>	<b>125,439.3</b>	<b>143,392.3</b>	<b>149,278.7</b>	<b>149,828.1</b>	<b>4.5</b>
<b>USES</b>					
Personal Services and Employee Benefits	95,144.9	113,197.9	115,398.7	116,609.9	3.0
Contractual Services	1,655.0	2,343.9	2,343.9	2,343.9	0.0
Other	27,858.0	27,850.5	31,536.1	30,874.3	10.9
<b>TOTAL USES</b>	<b>124,657.9</b>	<b>143,392.3</b>	<b>149,278.7</b>	<b>149,828.1</b>	<b>4.5</b>
<b>FTE</b>					
Permanent	961.0	955.0	954.0	954.0	(0.1)
Term	40.0	58.0	58.0	58.0	0.0
Temporary	6.0	55.3	55.3	55.3	0.0
<b>TOTAL FTE</b>	<b>1,007.0</b>	<b>1,068.3</b>	<b>1,067.3</b>	<b>1,067.3</b>	<b>(0.1)</b>

**Recommended Language**

The general fund appropriation to the personal services and employee benefits category of the law enforcement program of the department of public safety includes one million two hundred eleven thousand two hundred dollars (\$1,211,200) to provide pay increases for public safety telecommunications or dispatchers.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Explanatory	Number of proactive special investigations unit operations to reduce driving while intoxicated and alcohol-related crime	NEW	488.0	N/A	N/A	N/A
* Explanatory	Percent of total crime scenes processed for other law enforcement agencies	NEW	66%	N/A	N/A	N/A
Explanatory	Clearance rate of crimes against persons investigated by the criminal investigation bureau	N/A	N/A	N/A	N/A	N/A
Explanatory	Clearance rate of crimes against property investigated by the criminal investigation bureau	N/A	N/A	N/A	N/A	N/A
Explanatory	Clearance rate of crimes against society investigated by the criminal investigation bureau	N/A	N/A	N/A	N/A	N/A
Explanatory	Clearance rate of homicide cases investigated by the criminal investigation bureau	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of commercial driver and vehicle out-of-service violations issued	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of violent repeat offender arrests by the fugitive apprehension unit	NEW	219.0	N/A	N/A	N/A
Explanatory	Percent of total New Mexico state police special operations deployments for other law enforcement agencies	NEW	27.6%	N/A	N/A	N/A
Explanatory	Total cases investigated by the New Mexico state police	N/A	N/A	N/A	N/A	N/A
Explanatory	Total number of crisis intervention cases handled	NEW	21.0	N/A	N/A	N/A
Explanatory	Number of illegally possessed firearms seized as part of criminal investigations	NEW	180.0	N/A	N/A	N/A
* Explanatory	Graduation rate of the New Mexico state police recruit school	71.00%	53.60%	N/A	N/A	N/A
Output	Number of data-driven traffic-related enforcement projects	2,575.0	2,074.0	2,750.0	2,500.0	2,600.0
* Output	Number of driving-while-intoxicated saturation patrols conducted	2,290.0	2,805.0	2,200.0	3,000.0	3,000.0
Explanatory	Number of criminal investigations conducted by criminal investigation bureau agents	724.0	592.0	N/A	N/A	N/A
* Explanatory	Turnover rate of commissioned state police officers	6%	11%	N/A	N/A	N/A
* Explanatory	Number of drug-related investigations conducted by narcotics agents	913.0	860.0	N/A	N/A	N/A
* Explanatory	Vacancy rate of commissioned state police officers	9%	12%	N/A	N/A	N/A
Explanatory	Number of man hours spent on governor-ordered special deployment operations	NEW	26,508.0	N/A	N/A	N/A
Explanatory	Number of governor-ordered special deployment operations conducted	NEW	2.0	N/A	N/A	N/A
* Output	Number of commercial motor vehicle safety inspections conducted	76,269.0	102,972.0	80,000.0	90,000.0	90,000.0
Explanatory	Number of New Mexico State Police misdemeanor and felony arrests	6,844.0	6,375.0	N/A	N/A	N/A
Explanatory	Number of driving-while-intoxicated arrests	1,272.0	1,450.0	N/A	N/A	N/A



## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	New Mexico State Police transportation inspector vacancy rate	29.90%	10.90%	N/A	N/A	N/A
Explanatory	New Mexico State Police dispatcher vacancy rate	25.30%	36.70%	N/A	N/A	N/A
Explanatory	Number of motor carrier safety trainings completed	1.0	24.0	N/A	N/A	N/A
* Explanatory	Commercial motor vehicle out-of-service rate compared to the current national level	48.00%	63.50%	N/A	N/A	N/A
Output	Number of community engagement projects in counties with populations less than one hundred thousand	NEW	125.0	95.0	95.0	110.0

**STATEWIDE LAW ENFORCEMENT SUPPORT PROGRAM**

The purpose of the statewide law enforcement support program is to promote a safe and secure environment for the state of New Mexico through intelligently led policing practices, vital scientific and technical support, current and relevant training and innovative leadership for the law enforcement community.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	12,678.6	16,888.4	25,751.6	21,526.5	27.5
Other Transfers	435.9	962.5	962.5	962.5	0.0
Federal Revenues	1,109.9	2,235.4	2,235.4	2,243.1	0.3
Other Revenues	5,209.8	6,411.9	6,411.9	6,710.7	4.7
Fund Balance	0.0	980.0	705.0	788.5	(19.5)
<b>TOTAL SOURCES</b>	<b>19,434.2</b>	<b>27,478.2</b>	<b>36,066.4</b>	<b>32,231.3</b>	<b>17.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	10,698.7	16,198.6	22,711.0	20,169.3	24.5
Contractual Services	1,882.2	3,225.0	2,825.0	2,786.1	(13.6)
Other	5,825.0	8,054.6	10,530.4	9,275.9	15.2
<b>TOTAL USES</b>	<b>18,405.9</b>	<b>27,478.2</b>	<b>36,066.4</b>	<b>32,231.3</b>	<b>17.3</b>
<b>FTE</b>					
Permanent	126.0	132.0	193.0	166.0	25.8
Term	38.0	51.0	51.0	51.0	0.0
<b>TOTAL FTE</b>	<b>164.0</b>	<b>183.0</b>	<b>244.0</b>	<b>217.0</b>	<b>18.6</b>

**Recommended Language**

The general fund appropriation to the personal services and employee benefits category of the statewide law enforcement support program of the department of public safety includes four hundred fifteen thousand dollars (\$415,000) to support the addition of five new victim advocate positions.

The general fund appropriations to the statewide law enforcement support program of the department of public safety include two million seventy-five thousand six hundred dollars (\$2,075,600) for costs related to the operation and activities of the law enforcement academy board or other primary entity responsible for law enforcement officer certification, including one million five hundred eighty-six thousand one hundred dollars (\$1,586,100) in the personal services and employee benefits category, five thousand dollars (\$5,000) in the contractual services category, and four hundred eighty-four thousand five hundred dollars (\$484,500) in the other category.

The general fund appropriations to the statewide law enforcement support program of the department of public safety one million three hundred twenty-five thousand one hundred dollars (\$1,325,100) for costs related to the operation and activities of the law enforcement academy or other primary entity responsible for law enforcement officer standards and training.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Percent of forensic evidence cases completed	NEW	126%	100%	100%	100%
Explanatory	Average age of outstanding complaint cases at the close of the fiscal year, in days	N/A	N/A	N/A	N/A	N/A
Explanatory	Average time to adjudicate complaint cases, in days	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of complaint cases adjudicated	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of complaint cases received	N/A	N/A	N/A	N/A	N/A
Explanatory	Number of crimes against persons reported in the national incident-based reporting system by participating law enforcement agencies statewide	NEW	3,045.0	N/A	N/A	N/A
Explanatory	Number of crimes against property reported in the national incident-based reporting system by participating law enforcement agencies statewide	NEW	15,286.0	N/A	N/A	N/A
Explanatory	Number of crimes against society reported in the national incident-based reporting system by participating law enforcement agencies statewide	NEW	1,614.0	N/A	N/A	N/A
Explanatory	Percent of IT help requests received from other agencies	NEW	N/A	N/A	N/A	N/A
Explanatory	Percent of law enforcement agencies in compliance with reporting of officer status and in-service law enforcement training	N/A	N/A	N/A	N/A	N/A
Explanatory	Percent of law enforcement agencies reporting to the national incident-based reporting system	N/A	N/A	N/A	N/A	N/A
* Explanatory	Number of expungements processed	NEW	500.0	N/A	N/A	N/A
Outcome	Number of certifications issued	0.0	0.0	0.0	0.0	400.0
* Outcome	Number of sexual assault examination kits not completed within one hundred eighty days of receipt of the kits by the forensic laboratory	0.0	0.0	0.0	0.0	0.0
Explanatory	Percent of non-state police cadets who graduated the law enforcement academy through certification by waiver	100.0%	98.0%	N/A	N/A	N/A
Explanatory	Forensic scientist and forensic technician vacancy rate	23%	25%	N/A	N/A	N/A
Explanatory	Percent of non-state police cadets who graduated the basic law enforcement academy	73.0%	73.3%	N/A	N/A	N/A
Explanatory	Percent of complaint cases reviewed and adjudicated by the New Mexico law enforcement academy board	66%	130%	N/A	N/A	N/A
Explanatory	Graduation rate of telecommunication students from the law enforcement academy	100.0%	97.6%	N/A	N/A	N/A

**PROGRAM SUPPORT**

The purpose of program support is to manage the agency's financial resources, assist in attracting and retaining a quality workforce and provide sound legal advice and a clean, pleasant working environment.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	4,016.3	5,586.5	6,106.9	5,881.4	5.3
Other Transfers	391.7	30.0	3,030.0	3,030.0	10,000.0
Federal Revenues	3,542.4	3,528.0	3,528.0	3,528.0	0.0
Other Revenues	17.8	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>7,968.2</b>	<b>9,144.5</b>	<b>12,664.9</b>	<b>12,439.4</b>	<b>36.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	3,505.2	5,455.1	5,923.7	5,775.0	5.9
Contractual Services	382.8	304.2	354.2	354.2	16.4
Other	2,859.4	3,385.2	6,387.0	6,310.2	86.4
<b>TOTAL USES</b>	<b>6,747.4</b>	<b>9,144.5</b>	<b>12,664.9</b>	<b>12,439.4</b>	<b>36.0</b>
<b>FTE</b>					
Permanent	63.0	48.0	55.0	50.0	4.2
Term	5.0	9.0	8.0	8.0	(11.1)
<b>TOTAL FTE</b>	<b>68.0</b>	<b>57.0</b>	<b>63.0</b>	<b>58.0</b>	<b>1.8</b>

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of audit findings resolved from the prior fiscal year's annual external audit	60.00%	50.00%	80.00%	80.00%	80.00%
Output	Number of site visits made to sub-grantees	98.0	91.0	100.0	100.0	100.0



**Statutory Authority**

The Homeland Security and Emergency Management Department was created by Sections 9-28-1 through 9-28-7 NMSA 1978 (Homeland Security and Emergency Management Act) to consolidate and coordinate homeland security and emergency management functions for the state and to act as a conduit for federal assistance and cooperation. Pursuant to Laws 2020, Chapter 9, the State Fire Marshal's Office moved from the Public Regulation Commission to the Homeland Security and Emergency Management Department effective July 1, 2021.

**Mission**

The department's mission is to lead New Mexico's efforts in protecting life and property against all threats and hazards by integrating and managing comprehensive and coordinated protective actions, preparedness programs, mitigation projects, response activities, and recovery efforts prior to, during, and following emergencies or disasters.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	3,279.6	3,444.9	3,444.9	3,444.9	0.0
Other Transfers	42.0	120.2	159.1	159.1	32.4
Federal Revenues	11,728.4	19,923.5	25,931.9	25,931.9	30.2
Other Revenues	111,171.9	95,516.1	135,527.9	110,846.6	16.1
Fund Balance	1,423.1	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>127,645.0</b>	<b>119,004.7</b>	<b>165,063.8</b>	<b>140,382.5</b>	<b>18.0</b>
<b>USES</b>					
Personal Services and Employee Benefits	7,628.2	10,258.9	10,377.6	10,377.6	1.2
Contractual Services	1,318.0	2,129.6	2,129.6	2,129.6	0.0
Other	95,053.5	106,616.2	152,556.6	127,875.3	19.9
<b>TOTAL USES</b>	<b>103,999.7</b>	<b>119,004.7</b>	<b>165,063.8</b>	<b>140,382.5</b>	<b>18.0</b>
<b>FTE</b>					
Permanent	89.7	69.0	69.0	69.0	0.0
Term	32.7	59.0	59.0	59.0	0.0
<b>TOTAL FTE</b>	<b>122.4</b>	<b>128.0</b>	<b>128.0</b>	<b>128.0</b>	<b>0.0</b>

**At A Glance**

The Department of Homeland Security and Emergency Management's requested a \$46.1 million, or 38.7 percent, increase in overall funding for FY24 but requested flat funding from the general fund. The requested increase was primarily due to an anticipated increase of \$6 million in federal funds and \$40 million in fire protection fund revenue. In FY22, the agency received significantly more revenue to this fund than initially projected or budgeted and requested a budget increase of \$30 million to use all the funds to provide grants through the fire protection grant fund.

The LFC recommendation supports the agency's request for general fund revenue and federal funds but adjusts the anticipated revenue to the fire protection fund (other state funds) to match FY22 actual revenue from the fire insurance tax to the fund, which totaled \$110.8 million. The recommendation also reduces expenditures on grants distributed from those revenues to match anticipated funding.

**Budget Issues**

The Department of Homeland Security and Emergency Management (DHSEM) requested a flat general fund budget but anticipates increases in federal revenues and revenues from other state funds (fire insurance tax). The recommendation largely supports the request but anticipates substantially lower fire insurance tax revenues in FY24.

**Homeland Security and Emergency Management.** The Homeland Security and Emergency Management Program did not request any increases in revenue from the general fund but anticipated a \$6 million increase in federal funds and small increases from other funding sources, all of which is supported by the LFC recommendation. The program made small adjustments on the category level, including increasing its personnel budget by

\$118.7 thousand, or 1.8 percent, which also reflects the transfer of \$39 thousand in general fund revenues from the other category to personnel. The anticipated increase in federal funding is primarily due to a \$4.7 million grant for mitigation after the Big Hole Fire in Valencia County.

LFC's Emergency Response Subcommittee raised concerns regarding DHSEM's management of the two largest wildfires in state history this summer. Although the agency was established to consolidate and coordinate emergency management functions for the state and act as a conduit for federal assistance and cooperation, it did not appear the department was successfully fulfilling this mission because state and local leaders struggled to identify a primary source of information and assistance for individuals and government entities impacted by the fires. In August, the LFC chair wrote to DHSEM to request additional information regarding wildfire recovery efforts, including a long-term recovery plan incorporating all involved entities, regular updates on the status of recovery efforts, an explanation of all funds available to assist governments and individuals, and a report on additional state funding. The agency has not yet provided a response.

Proper management of agency finances and grants continues to be a significant area of weakness for the department. DHSEM's FY21 audit reflected multiple material weaknesses, including the department's ability to accurately track federal expenditures due to a lack of process or effective internal controls, a repeat finding from 2019 and 2020. The audit also cited untimely, incomplete, and inaccurate financial reporting on the part of the department, reflecting a separate material weakness finding. In total the audit noted 16 findings, including a late audit finding because the department did not turn in its report by the submission deadline.

In FY22, the department processed \$55.3 million in federal disaster relief payments to New Mexico communities intended to aid in disaster preparation, prevention, mitigation, and recovery. The department has historically struggled to manage these grants, and in FY21, the Legislature provided funding to add personnel to do so more effectively. The department also oversees funding from governors' executive orders related to disaster declarations. At the end of FY22, \$39.6 million in state funding related to 56 disaster declarations was outstanding; \$11.2 million was related to 11 declarations older than four years. During FY22, the department did not conclude action on any disaster declarations or revert any funds related to declarations.

Sections 12-11-23 through 25 NMSA 1978 allow the governor to allocate funds via executive order to address emergencies. Generally, funds are allocated for specific disasters, but between FY17 and FY21, DHSEM received \$750 thousand each year to address potential emergencies and disasters. Allocating funds for hypothetical emergencies that may not occur on a recurring basis raises concerns over whether these funds are truly needed. As of September 2022, the agency is carrying balances on the past three years' orders totaling almost \$500 million, but the executive did not allocate additional funding to the department for this purpose in FY22 or FY23 to date.

**State Fire Marshal's Office.** SFMO transferred from the Public Regulation Commission to DHSEM at the beginning of FY22. The program is composed of an administrative section and four bureaus: Fire Code Enforcement, Fire Investigation, Fire Services Support, and the State Firefighters Training Academy.

The fire protection fund (FPF) receives the 3 percent premium tax on auto and fire insurance collected by the Taxation and Revenue Department and the Office of Superintendent of Insurance. Laws 2021, Chapter 125, modified the statutes governing that fund and the fire protection grant fund (FPGF) to direct increased funding from the FPF to the FPGF. Previously, FPF distributions were made to local governments based on a statutorily established formula, and some funds were appropriated for other purposes. About 40 percent of the remaining balance flowed to the FPGF, and the remaining 60 percent flowed to the general fund at the end of the fiscal year. The bill changed this so that projected year-end balances are distributed to the FPGF. Notably, the legislation does not require actual year-end balances be distributed to the FPGF, so if actual balances exceed the projection, those funds would revert to the general fund. However, the legislation does not specify who makes this projection or when it must be completed.

At the end of June 2022, DHSEM submitted a budget adjustment request to increase its budget for FPF revenues by \$30 million, accompanied by a new FPF revenue projection showing the addition of \$30 million in revenue, thereby preventing those previously unprojected funds from flowing to the general fund. LFC objected to this adjustment because it appeared to contradict legislative intent because Chapter 125 was specifically amended to direct residual actual balances in excess of those projected to the general fund, rather than the FPGF. This appeared to demonstrate the Legislature's intent to direct unexpected excess revenue to the general fund, and a year-end revised revenue projection could be viewed to subvert that intent. However, such an objection does not prevent an adjustment from being implemented, and this increase was completed.

Expanded FPGF funding allows SFMO to provide additional funding to local fire departments that can be used for fire apparatus and equipment, communications equipment, equipment for wildfires, fire station construction or expansion, equipment for hazardous material response, stipends for volunteer firefighters, and recruiting and retention programs for volunteer firefighters. Grant applications are evaluated based on training quality in the department, financial need, critical nature of the request, benefits to the community, application completeness, and Insurance Services Office (ISO) ratings. ISO ratings are primarily determined by fire department staffing, training, and proximity; availability of water supply; and quality of the area's emergency communications system. ISO ratings are considered by insurers when setting homeowners insurance rates; improved (lower) ISO ratings should lower insurance costs for communities, as well as improve public safety.

In the FY22 grant cycle, applications for fire protection grants totaled \$56.8 million (including almost \$700 thousand for stipends for recruiting, retention, and education programs), while only \$20.1 million was awarded; most applications did not receive funding due to lack of available funds. However, the additional unanticipated revenue received in FY22 should be sufficient to fulfill the majority of the remaining needs. Overall, all 33 counties applied and 28 received grant funds during the FY22 cycle, with Torrance County receiving the largest award of \$2.4 million. While 22 counties received at least \$300 thousand, six received \$75 thousand or less—McKinley, Sandoval, Lea, Santa Fe, San Juan, and Roosevelt. Of these, four received funding for stipends but did not receive any funds through the scoring process for other grant applications. Five counties did not receive any funds: Bernalillo, Harding, Los Alamos, San Miguel, and Union. Harding's lack of funding is notable because it is one of only two counties in which all fire departments have an ISO rating of nine, the highest in the state; a total of 18 fire departments with ISO ratings of nine were not funded. Los Alamos, on the other hand, has the lowest ISO rating in the state (one).

Better fulfilling fire department needs should help improve departments' and communities' ISO ratings. Between FY21 and FY22, the average ISO rating of fire districts statewide fell from seven to five, a significant improvement. However, with such significant additional revenues for the grants, the Legislature may wish to examine the process for awarding these grants and consider if the process should be amended or if other public safety needs could benefit from this funding, such as emergency healthcare needs such as ambulances and paramedics. Healthcare providers have requested premium rate increases in part because of rising costs emergency and nonemergency medical transport, especially in rural areas.

In FY22, the state collected a total of \$110.8 million in FPF revenue, of which \$58.1 million was distributed to local fire districts, \$20.1 million was distributed in grant funds, \$5.5 million was distributed to the New Mexico Finance Authority on behalf of fire districts, \$5.2 million was used for staff and administrative purposes within the office, \$1.3 million was used for capital projects, \$750 thousand was distributed to the Public Employees Retirement Association, and \$19.9 million that would previously have flowed to the general fund was carried over to FY23 as fund balance. The agency's FY24 budget request for these revenues was \$135.5 million, a 22 percent increase compared with FY22 actual revenues, with the majority of the requested increase to be distributed as grants. The LFC recommendation anticipates revenue on par with FY22, \$110.8 million, and correspondingly reduces the other category from which those funds are distributed.

#### **HOMELAND SECURITY AND EMERGENCY MANAGEMENT**

The purpose of the homeland security and emergency management program is to provide for and coordinate an integrated, statewide, comprehensive emergency management system for New Mexico, including all agencies, branches and levels of government for the citizens of New Mexico.

#### **BUDGET SUMMARY (dollars in thousands)**

	<b>FY22 2021-2022</b>	<b>FY23 2022-2023</b>	<b>FY24 2023-2024</b>		
	<b>Actuals</b>	<b>Budgeted</b>	<b>Agency Request</b>	<b>LFC Recommendation</b>	<b>Percent Inc (Decr)</b>
<b>SOURCES</b>					
General Fund Transfers	3,279.6	3,444.9	3,444.9	3,444.9	0.0
Other Transfers	42.0	120.2	159.1	159.1	32.4
Federal Revenues	11,728.4	19,923.5	25,931.9	25,931.9	30.2
Other Revenues	63.7	43.2	55.0	55.0	27.3
<b>TOTAL SOURCES</b>	<b>15,113.7</b>	<b>23,531.8</b>	<b>29,590.9</b>	<b>29,590.9</b>	<b>25.7</b>
<b>USES</b>					
Personal Services and Employee Benefits	4,654.4	6,702.1	6,820.8	6,820.8	1.8
Contractual Services	891.5	1,624.5	1,624.5	1,624.5	0.0
Other	8,390.5	15,205.2	21,145.6	21,145.6	39.1
<b>TOTAL USES</b>	<b>13,936.4</b>	<b>23,531.8</b>	<b>29,590.9</b>	<b>29,590.9</b>	<b>25.7</b>
<b>FTE</b>					
Permanent	43.7	22.0	22.0	22.0	0.0
Term	32.7	59.0	59.0	59.0	0.0
<b>TOTAL FTE</b>	<b>76.4</b>	<b>81.0</b>	<b>81.0</b>	<b>81.0</b>	<b>0.0</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Efficiency	Average number of days from receipt of invoice to receipt of funds by subrecipient	NEW	44.0	30.0	30.0	30.0
Explanatory	Number of information and intelligence reports distributed from fusion center to non-government entities	0.0	1,470.0	N/A	N/A	N/A
Output	Number of critical infrastructure systems evaluated	0.0	30.0	0.0	30.0	30.0
Outcome	Percent of federal emergency management agency hazard mitigation plans approved	70.00%	74.91%	70.00%	70.00%	80.00%
Outcome	Percentage of local jurisdictions' emergency communications data submitted and entered into the integrated public alerting and warning system	80.00%	100.00%	85.00%	85.00%	100.00%
Explanatory	Number of projects tied to governor's executive orders allocating emergency funding that are fully expended or reverted	8.0	0.0	N/A	N/A	N/A
Output	Number of training courses delivered for identified needs of local and state entities	40.0	72.0	40.0	40.0	70.0
Outcome	Percent of monthly emergency operations center readiness tests passed	100%	100%	100%	100%	100%
Explanatory	Number of information and intelligence reports distributed from fusion center to federal partners	820.0	1,470.0	N/A	N/A	N/A
* Outcome	Number of recommendations from federal grant monitoring visits older than six months unresolved at the close of the fiscal year	13.0	3.0	3.0	3.0	2.0
Outcome	Percent of emergency equipment able to be deployed	80%	90%	87%	87%	95%
Output	Number of homeland security exercise and evaluation program compliant exercises delivered or coordinated by the agency	7.0	4.0	10.0	10.0	10.0
Explanatory	Number of information and intelligence reports distributed from fusion center to state, local and tribal partners	820.0	1,470.0	N/A	N/A	N/A
Explanatory	Amount of unspent funds tied to governor's executive orders allocating emergency funding issued more than four years ago	\$11,000,000.0 0	\$11,200,000.0 0	N/A	N/A	N/A
Outcome	Percent of prior year audit findings resolved	80.00%	26.90%	87.00%	87.00%	87.00%

**STATE FIRE MARSHAL'S OFFICE**

The purpose of the state fire marshal's office program is to provide services and resources to the appropriate entities to enhance their ability to protect the public from fire hazards.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	111,108.2	95,472.9	135,472.9	110,791.6	16.0
Fund Balance	1,423.1	0.0	0.0	0.0	0.0
<b>TOTAL SOURCES</b>	<b>112,531.3</b>	<b>95,472.9</b>	<b>135,472.9</b>	<b>110,791.6</b>	<b>16.0</b>

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>USES</b>					
Personal Services and Employee Benefits	2,973.7	3,556.8	3,556.8	3,556.8	0.0
Contractual Services	426.6	505.1	505.1	505.1	0.0
Other	86,663.0	91,411.0	131,411.0	106,729.7	16.8
<b>TOTAL USES</b>	<b>90,063.3</b>	<b>95,472.9</b>	<b>135,472.9</b>	<b>110,791.6</b>	<b>16.0</b>
<b>FTE</b>					
Permanent	46.0	47.0	47.0	47.0	0.0
<b>TOTAL FTE</b>	<b>46.0</b>	<b>47.0</b>	<b>47.0</b>	<b>47.0</b>	<b>0.0</b>

**Recommended Language**

The other state funds appropriations to the state fire marshal's office program of the homeland security and emergency management department include five million one hundred seventy-six thousand three hundred dollars (\$5,176,300) from the fire protection fund for administration and operations of the state fire marshal's office. Any unexpended balances in the state fire marshal's office program of the homeland security and emergency management department at the end of fiscal year 2024 shall revert to the fire protection fund.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Quality	Pass rate for state certification exams administered by the firefighter training academy bureau	80.00%	80.00%	84.00%	84.00%	84.00%
Output	Number of training contact hours delivered by the state fire marshal's office and firefighter training academy bureau	100,000.0	88,909.0	110,000.0	110,000.0	110,000.0
Output	Number of firework (temporary location of fireworks transactions) inspections completed	324.0	324.0	400.0	400.0	400.0
Quality	Percent compliance with national fire incident reporting system	78.00%	80.00%	80.00%	80.00%	85.00%
Output	Percent of fire departments inspected by the fire service support bureau	40.00%	100.00%	50.00%	50.00%	100.00%
Output	Number of fire investigations completed	212.0	220.0	212.0	212.0	220.0
* Outcome	Percent of local government recipients that receive their fire protection fund distributions on schedule	100%	100%	100%	100%	100%
Output	Number of inspections completed by the code enforcement bureau	844.0	2,568.0	844.0	844.0	2,600.0
Output	Percent of fire departments audited	100%	60%	100%	100%	100%
Outcome	Percent of state-owned and -leased buildings inspected	20.00%	80.00%	70.00%	70.00%	85.00%
* Outcome	Average statewide fire district insurance service office rating	7.0	5.0	4.0	4.0	4.0



# Transportation

**Statutory Authority**

Sections 67-1-1 through 67-16-14 NMSA 1978 codify laws pertaining to the Department of Transportation (NMDOT), the State Transportation Commission, and highways and transportation in general. Article V, Section 14, of the Constitution of New Mexico establishes the State Transportation Commission. Each of the six governor-appointed commissioners represents a highway district. The department is administered in accordance with the policies established by the commission and all applicable federal and state laws and regulations.

**Mission**

The department and the commission maintain responsibility for creating a comprehensive program of design, construction, and maintenance of the state's highway system. The department's mission is to use its personnel and technical and financial resources to facilitate a high-quality, multi-modal state transportation network.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	238,925.7	8,300.0	8,300.0	8,300.0	0.0
Federal Revenues	517,492.4	521,226.6	533,976.6	533,976.6	2.4
Other Revenues	642,280.9	623,229.0	641,515.0	641,515.0	2.9
Fund Balance	0.0	65,644.7	0.0	30,000.0	(54.3)
<b>TOTAL SOURCES</b>	<b>1,398,699.0</b>	<b>1,218,400.3</b>	<b>1,183,791.6</b>	<b>1,213,791.6</b>	<b>(0.4)</b>
<b>USES</b>					
Personal Services and Employee Benefits	173,611.9	202,732.5	202,681.6	202,681.6	0.0
Contractual Services	494,914.9	599,074.4	573,288.4	598,288.4	(0.1)
Other	304,367.5	416,593.4	407,821.6	412,821.6	(0.9)
Other Financing Uses	3,367.9	0.0	0.0	0.0	0.0
<b>TOTAL USES</b>	<b>976,262.2</b>	<b>1,218,400.3</b>	<b>1,183,791.6</b>	<b>1,213,791.6</b>	<b>(0.4)</b>
<b>FTE</b>					
Permanent	2,577.0	2,527.0	2,543.0	2,532.0	0.2
Term	45.0	60.5	55.5	55.5	(8.3)
Temporary	54.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>2,676.0</b>	<b>2,587.5</b>	<b>2,598.5</b>	<b>2,587.5</b>	<b>0.0</b>

**At A Glance**

Department of Transportation (NMDOT) revenues come from two sources: state road fund, primarily used for highway maintenance, and federal funding awards, primarily used for construction and debt service payments. The overall FY24 request was a \$34.6 million, or 2.8 percent decrease from the FY23 operating budget. The decrease is due to the budgeting of \$65.6 million in state road fund balance in FY23. NMDOT requested an increase of \$12.8 million, or 2.4 percent, in federal revenue and \$18.2 million, or 2.9 percent, in other state funds, predominantly from the state road fund (SRF).

The LFC recommendation fully funds the NMDOT request for federal and other revenue, including the state and local road fund revenue. The LFC recommendation includes an additional \$30 million from fund balance over the request to provide matching funds for federal discretionary grants. The federal Infrastructure Investment and Jobs Act includes billions in discretionary grant funding; NMDOT staff note the department has applied for some of these programs and may need state funds to match the newly available federal funding. The department's funded vacancy rate is 11 percent.

**Budget Issues**

NMDOT is responsible for construction and maintenance activities on the 30 thousand lane mile state road network, which includes state and national highway systems. To perform these functions, NMDOT relies on revenue generated by the SRF and federal revenues.

**State Road Fund.** NMDOT forecasts SRF revenue every January and July, budgeting projected revenue in the request. For FY24, NMDOT expects total road fund revenue of \$545.3 million, a 2.5 percent increase from the FY23 operating budget of \$532.1 million. This forecast will be updated in



January 2023. The largest sources of revenue to the SRF are fuel taxes, generating 47 percent of total revenue; fees on commercial trucking, accounting for 23 percent of revenue; and taxes on vehicle sales and registration fees, amounting to 26 percent of revenue.

The tax on diesel fuel is the largest contributor to the SRF and generally reflects the national economy. When consumer spending increases, more goods are purchased, translating into increased interstate trucking, the primary consumer of diesel fuel. For FY24, NMDOT estimates the tax on diesel fuel will generate \$141.2 million, a \$7.6 million, or 5.7 percent increase from the FY23 operating budget. Additionally, revenue from the weight-distance tax on commercial trucking is forecast to generate \$110.7 million, a 4.3 percent increase.

The gasoline tax, once the single largest SRF revenue source and now the second largest, is projected at \$117.2 million, down slightly from budget estimates. The 17-cent-per-gallon tax has not been changed since 1995 and grew only 10 percent between FY14 and FY23 while the road fund grew 36 percent over this time. The slow revenue growth is attributable to a combination of low population growth, increased vehicle fuel efficiency, and an aging population that drives less. Additionally, hybrid and electric vehicles are expected to rapidly gain market share in coming years as major auto manufacturers race to produce vehicles reflecting changing consumer preferences and regulations. Currently, 76.3 percent of gas tax revenue goes to the SRF with the remainder going to local governments.

The Legislature, through Laws 2019, Chapter 270 (House Bill 6), increased the motor vehicle excise tax rate from 3 percent to 4 percent and directed the additional revenue to NMDOT for road improvements in the southeastern portion of the state in FY20 and FY21 and, thereafter, splitting the revenue between the SRF and local governments. Also beginning in FY22, the distribution to the general fund will fall from 3 percent to 2.5 percent, and the distribution to the road fund will increase from 1 percent to 1.5 percent. The motor vehicle excise tax is forecast to generate \$55.8 million in FY24, up slightly from FY23 budget estimates. Fees on vehicle registration are anticipated to fall slightly to \$84.4 million in FY24.

**Federal Revenue.** Use of federal funds require a state match of between 8 percent and 20 percent, and SRF is used to provide these matching funds. After several years of stagnant federal revenues, the department received an additional \$100 million in FY22, an increase of 23 percent over FY21, based on increases from the Infrastructure Investment and Jobs Act. NMDOT expects those allocations to grow by about 2 percent per year through FY26. The LFC recommendation supports the department's request for federal funds.

**Fund Balance.** The total amount of fund balance available is determined during the January revenue forecasting process. During the legislative session, the House Transportation Committee follows a consensus process to budget available fund balances to meet the priorities of NMDOT, the Legislature, and the executive. As of November 2022, projected unbudgeted state road fund balances totaled \$34 million, an increase of \$5.7 million, or 20 percent from one year earlier. The department has submitted budget adjustment requests to use uncommitted fund balances to provide matching funds to secure federal grants. For FY23, the Legislature appropriated \$65 million in fund balance for the department, but the department did not request any of the uncommitted fund balance for FY24. The LFC recommendation includes \$30 million in fund balance to provide necessary matching funds for federal grants.

**Debt Service.** The department currently has \$1 billion in outstanding debt obligations, including the issuance of an additional \$234.6 million in debt authorized during the 2021 session. In FY24, the department will spend \$194 million to service debt. This amount includes \$138.4 million from federal sources and \$41.4 million from the SRF. For FY25 and subsequent years, debt service payments will fall dramatically, to \$111.6 million, and the state will have retired all debt by the end of FY32.

**Maintenance and Construction Needs.** The Federal Highway Administration requires state departments of transportation to develop a transportation asset management plan (TAMP) that includes performance measures and targets for pavement and bridge conditions. The statewide focus of the TAMP will likely help the overall health of the transportation system by prioritizing needs of the entire network rather than those of individual transportation districts.

The asset management approach focuses on providing maintenance early in the lifecycle of the pavement structure to prevent costlier future repairs. The per-lane-mile cost to maintain a road in good condition is estimated to be \$18 thousand, a road in fair condition costs an average \$320 thousand per lane-mile to maintain, and a road in poor condition requiring major rehabilitation or reconstruction costs \$1.5 million per lane-mile or more. Each year, NMDOT conducts a survey of the state's transportation network and assigns each stretch of road a pavement condition rating (PCR) score. A score of 45 or less is a poor condition road. In 2021, the average PCR score for all state roads was 72.1, up from 54.9 in 2020.

**Nonrecurring Funding.** Recognizing the need for additional road funding, the Legislature appropriated more than \$1.3 billion for state and local roads between 2019 and 2022. Of this amount, the department expended \$469.3 million, or 36 percent, as of August 2022, mostly from earlier appropriations because large projects in the planning stages when the appropriation was made are finishing construction. Funding designated for maintenance projects has been expanded faster than funding for major investment projects. This is likely because maintenance projects require less planning and design than major projects. To expend funding quickly, all funds necessary for project completion should be identified and projects selected for funding should be planned and designed.

State revenue projections for FY24 show growth in nonrecurring revenue and healthy reserve balances. This may leave the Legislature in a position to make additional appropriations to NMDOT for state and local road projects.

**Local Road Funding.** NMDOT provides funding for local road projects through the local government road fund and the transportation project fund. For FY24, the department requested \$28.6 million from the local government road fund, an increase of \$1 million, or 3.8 percent from the FY23 operating budget. The local government road fund receives distributions from taxes on diesel fuel and gasoline and from gross receipts tax on leased vehicles. Additionally, local and tribal governments can apply for grants from the transportation project fund, which receives distributions from the motor vehicle excise tax. Additionally, the Legislature has supported local projects through the transportation project fund with nonrecurring general fund appropriations in FY22 and FY23. NMDOT requested \$50.8 million for transportation project fund grants in FY24, an increase of \$4 million, or 8.6 percent from the FY23 operating budget. The LFC recommendation supports the department's request for both the local government road fund and the transportation project fund. The revenue forecast for these funds will be updated in January 2023.

**Construction Costs.** NMDOT staff have noted construction bid costs have been increasing over the past year, with average bids coming in significantly higher than previously estimated. In FY22, quarterly average bid-over-estimates amounts ranged from 18 percent in the first quarter to 36 percent in the fourth quarter. Collectively, NMDOT estimated the cost of the 42 projects let to bid in FY22 at \$348.9 million, but actual bids came in at \$436.1 million, an underestimate of \$87.2 million, or 25 percent. While the gap between estimates and bid prices has narrowed, this is largely because of upward revisions to engineers' estimates to reflect price increases, rather than a reduction in bid pricing. Given the large increases in infrastructure spending made possible by the new federal legislation and increased competition among states for a limited pool of contractors, construction and maintenance costs could continue increasing.

## PROGRAMS AND INFRASTRUCTURE

The purpose of the project design and construction program is to provide improvements and additions to the state's highway infrastructure to serve the interest of the general public. These improvements include those activities directly related to highway planning, design and construction necessary for a complete system of highways in the state.

### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	220,847.5	0.0	0.0	0.0	0.0
Federal Revenues	485,087.9	483,000.0	495,720.0	495,720.0	2.6
Other Revenues	267,879.6	260,675.0	267,616.2	267,616.2	2.7
Fund Balance	0.0	30,352.8	0.0	25,000.0	(17.6)
<b>TOTAL SOURCES</b>	<b>973,815.0</b>	<b>774,027.8</b>	<b>763,336.2</b>	<b>788,336.2</b>	<b>1.8</b>
<b>USES</b>					
Personal Services and Employee Benefits	26,994.9	30,698.3	30,698.3	30,698.3	0.0
Contractual Services	400,691.6	480,166.5	468,394.9	493,394.9	2.8
Other	187,247.3	263,163.0	264,243.0	264,243.0	0.4
Other Financing Uses	3,367.9	0.0	0.0	0.0	0.0
<b>TOTAL USES</b>	<b>618,301.7</b>	<b>774,027.8</b>	<b>763,336.2</b>	<b>788,336.2</b>	<b>1.8</b>
<b>FTE</b>					
Permanent	372.0	350.0	361.0	354.0	1.1
Term	10.0	17.0	16.0	16.0	(5.9)
Temporary	9.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>391.0</b>	<b>367.0</b>	<b>377.0</b>	<b>370.0</b>	<b>0.8</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Percent of projects in production let to bid as scheduled	77.00%	98.00%	75.00%	67.00%	75.00%
* Quality	Percent of final cost-over-bid amount, less gross receipts tax, on highway construction projects	2.0	1.0	3.0	3.0	3.0
* Outcome	Percent of projects completed according to schedule	94%	91%	1,000,000%	88%	90%

**TRANSPORTATION & HIGHWAY OPERATIONS**

The highway operations program is responsible for maintaining and providing improvements to the state's highway infrastructure that serves the interest of the general public. The maintenance and improvements include, but are not limited to, those activities directly related to preserving roadway integrity and maintaining open highway access throughout the state system. Some examples include, bridge maintenance and inspection, snow removal, chip sealing, erosion repair, right-of-way mowing, and litter pick up, among numerous other activities.

**BUDGET SUMMARY**  
 (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	5,478.2	0.0	0.0	0.0	0.0
Federal Revenues	3,000.0	3,000.0	3,000.0	3,000.0	0.0
Other Revenues	290,807.1	282,722.2	292,021.5	292,021.5	3.3
Fund Balance	0.0	32,299.3	0.0	5,000.0	(84.5)
<b>TOTAL SOURCES</b>	<b>299,285.3</b>	<b>318,021.5</b>	<b>295,021.5</b>	<b>300,021.5</b>	<b>(5.7)</b>
<b>USES</b>					
Personal Services and Employee Benefits	112,493.0	131,831.9	131,831.9	131,831.9	0.0
Contractual Services	66,786.5	77,969.4	65,119.4	65,119.4	(16.5)
Other	78,859.9	108,220.2	98,070.2	103,070.2	(4.8)
<b>TOTAL USES</b>	<b>258,139.4</b>	<b>318,021.5</b>	<b>295,021.5</b>	<b>300,021.5</b>	<b>(5.7)</b>
<b>FTE</b>					
Permanent	1,847.0	1,823.0	1,833.0	1,830.0	0.4
Term	16.0	21.7	18.7	18.7	(13.8)
<b>TOTAL FTE</b>	<b>1,863.0</b>	<b>1,844.7</b>	<b>1,851.7</b>	<b>1,848.7</b>	<b>0.2</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Output	Number of statewide pavement lane miles preserved	3,852.0	4,373.0	1,000,000.0	3,500.0	3,500.0
Outcome	Percent of non-interstate lane miles rated fair or better	78.00%	95.00%	75.00%	75.00%	75.00%
* Outcome	Percent of interstate lane miles rated fair or better	88%	97%	91%	91%	91%
* Outcome	Number of combined systemwide lane miles in poor condition	6,806.0	1,451.0	6,925.0	6,925.0	6,925.0

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of national highway system lane miles rated fair or better	84%	97%	86%	86%	86%
Outcome	Percent of non-national highway system lane miles rated fair or better	76%	94%	65%	65%	65%
Outcome	Number of interstate miles in poor condition	499.0	136.0	425.0	425.0	425.0
Outcome	Number of non-interstate miles in poor condition	6,306.0	1,314.0	6,500.0	6,500.0	6,500.0
* Outcome	Percent of bridges in fair, or better, condition based on deck area	96%	96%	1,000,000%	90%	95%

**PROGRAM SUPPORT**

The purpose of program support is to provide management and administration of financial and human resources, custody and maintenance of information and property and the management of construction and maintenance projects.

BUDGET SUMMARY  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	48,846.1	47,544.5	48,967.4	48,967.4	3.0
Fund Balance	0.0	2,422.9	0.0	0.0	(100.0)
<b>TOTAL SOURCES</b>	<b>48,846.1</b>	<b>49,967.4</b>	<b>48,967.4</b>	<b>48,967.4</b>	<b>(2.0)</b>
<b>USES</b>					
Personal Services and Employee Benefits	25,682.0	29,759.2	29,759.2	29,759.2	0.0
Contractual Services	1,574.7	7,060.7	6,060.7	6,060.7	(14.2)
Other	11,462.5	13,147.5	13,147.5	13,147.5	0.0
<b>TOTAL USES</b>	<b>38,719.2</b>	<b>49,967.4</b>	<b>48,967.4</b>	<b>48,967.4</b>	<b>(2.0)</b>
<b>FTE</b>					
Permanent	250.0	249.0	250.0	249.0	0.0
Term	4.0	4.8	4.8	4.8	0.0
Temporary	37.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>291.0</b>	<b>253.8</b>	<b>254.8</b>	<b>253.8</b>	<b>0.0</b>

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Quality	Number of external audit findings	0.0	2.0	5.0	5.0	5.0
Efficiency	Percent of invoices paid within thirty days	93%	93%	90%	90%	90%
* Explanatory	Vacancy rate of all programs	16.00%	17.00%	N/A	N/A	N/A
Output	Number of employee injuries	35.0	45.0	1,000,000.0	90.0	65.0
Output	Number of employee injuries occurring in work zones	11.0	17.0	1,000,000.0	35.0	25.0

**MODAL**

The purpose of the modal program is to provide federal grants management and oversight of programs with dedicated revenues, including transit and rail, traffic safety and aviation.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Transfers	12,600.0	8,300.0	8,300.0	8,300.0	0.0
Federal Revenues	29,404.6	35,226.6	35,256.6	35,256.6	0.1
Other Revenues	34,748.2	32,287.3	32,909.9	32,909.9	1.9
Fund Balance	0.0	569.7	0.0	0.0	(100.0)
<b>TOTAL SOURCES</b>	<b>76,752.8</b>	<b>76,383.6</b>	<b>76,466.5</b>	<b>76,466.5</b>	<b>0.1</b>
<b>USES</b>					
Personal Services and Employee Benefits	8,442.0	10,443.1	10,392.2	10,392.2	(0.5)
Contractual Services	25,862.2	33,877.8	33,713.4	33,713.4	(0.5)
Other	26,797.8	32,062.7	32,360.9	32,360.9	0.9
<b>TOTAL USES</b>	<b>61,102.0</b>	<b>76,383.6</b>	<b>76,466.5</b>	<b>76,466.5</b>	<b>0.1</b>
<b>FTE</b>					
Permanent	108.0	105.0	99.0	99.0	(5.7)
Term	15.0	17.0	16.0	16.0	(5.9)
Temporary	8.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>131.0</b>	<b>122.0</b>	<b>115.0</b>	<b>115.0</b>	<b>(5.7)</b>

**Recommended Language**

The internal service funds/interagency transfers appropriation to the modal program of the New Mexico department of transportation includes eight million dollars (\$8,000,000) from the weight distance tax identification permit fund.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Annual number of riders on park and ride	53,602.0	100,367.0	235,000.0	235,000.0	235,000.0
Outcome	Percent of airport runways in satisfactory or better condition	54%	59%	57%	57%	57%
Explanatory	Annual number of riders on the rail runner	40,924.0	317,424.0	N/A	N/A	N/A
* Outcome	Number of traffic fatalities	411.0	464.0	400.0	400.0	400.0
* Outcome	Number of alcohol-related traffic fatalities	113.0	133.0	150.0	150.0	140.0
Outcome	Number of non-alcohol-related traffic fatalities	298.0	340.0	250.0	250.0	250.0
Outcome	Number of occupants not wearing seatbelts in motor vehicle fatalities	171.0	190.0	140.0	140.0	140.0
Outcome	Number of pedestrian fatalities	76.0	105.0	85.0	85.0	85.0



# Other Education

**Statutory Authority**

Article XII, Section 6, of the New Mexico Constitution creates a cabinet department headed by a secretary of public education and creates an elected, advisory Public Education Commission. The secretary of public education is appointed by the governor and confirmed by the Senate. The secretary of public education has administrative and regulatory powers and duties, including all functions relating to the distribution of school funds and financial accounting for public schools.

**Mission**

The purpose of the department is to create and maintain a customer-focused organization that provides leadership, technical assistance, and quality assurance to improve performance for all students and close the achievement gap.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	36,503.8	20,869.0	24,344.0	22,589.0	8.2
Other Transfers	23.6	45.0	45.0	45.0	0.0
Federal Revenues	35,472.4	31,106.1	31,106.1	31,106.1	0.0
Other Revenues	4,696.2	5,169.0	6,403.4	6,403.4	23.9
Fund Balance	0.0	0.0	334.0	334.0	0.0
<b>TOTAL SOURCES</b>	<b>76,696.0</b>	<b>57,189.1</b>	<b>62,232.5</b>	<b>60,477.5</b>	<b>5.8</b>
<b>USES</b>					
Personal Services and Employee Benefits	21,746.8	28,707.9	28,973.3	28,973.3	0.9
Contractual Services	26,858.3	23,180.0	27,055.0	25,550.0	10.2
Other	2,644.9	5,301.2	6,204.2	5,954.2	12.3
Other Financing Uses	21,845.9	0.0	0.0	0.0	0.0
<b>TOTAL USES</b>	<b>73,095.9</b>	<b>57,189.1</b>	<b>62,232.5</b>	<b>60,477.5</b>	<b>5.8</b>
<b>FTE</b>					
Permanent	200.1	175.0	175.0	175.0	0.0
Term	102.5	179.0	179.0	179.0	0.0
Temporary	4.0	0.0	0.0	0.0	0.0
<b>TOTAL FTE</b>	<b>306.6</b>	<b>354.0</b>	<b>354.0</b>	<b>354.0</b>	<b>0.0</b>

**At A Glance**

The Public Education Department (PED) requested \$62.3 million in total funds for FY24, a \$5 million, or 8.8 percent, increase from the FY23 operating budget. This represented an approximate \$3.5 million increase, or 16 percent, in general fund revenue. The committee recommends \$60.5 million, a \$3.3 million, or 5.7 percent, increase over the prior year. This represents a \$1.7 million, or 8.2 percent, increase in general fund revenue.

The department request and committee recommendation includes 354 FTE, unchanged from total approved FTE for FY23. Department vacancy rates have hovered from 60 FTE to 70 FTE from FY22 to FY23.

**Budget Issues**

The FY24 request emphasized staffing requirements, contractual services, and information technology needs required to satisfy statutory and judicial mandates on provision of a sufficient public education to all students in New Mexico, especially those at highest risk.

In FY23, the Legislature increased PED's general fund appropriation by \$5.7 million, or 38.2 percent, from approximately \$15 million in FY22 to \$20.9 million in FY23. In part, this addressed the 1st Judicial District Court's findings in the *Martinez-Yazzie* education sufficiency lawsuit, which found PED failed to monitor at-risk student distributions to districts and schools and monitor access to appropriate materials and curricular practices, to provide adequate technical assistance, and to require districts to allocate money for programs known to advance educational opportunities for at-risk students. The ruling tasks PED with providing support and assistance to address low academic outcomes of at-risk students. The FY23 general fund increase



included a transfer of \$1.8 million from special program appropriations in the Indian Education and Black Education Act funds into the operating budget for personnel costs, in order to make those funds available for direct programming.

For FY24, PED requested \$62.3 million, a \$5 million, or 8.8 percent, revenue increase from the FY23 operating budget, including a \$3.5 million increase, or 16 percent, in general fund revenue. The request included \$265 thousand in additional general fund support for personnel services and employee benefits. The department had a 20 percent vacancy rate at the beginning of FY23, and the request for \$265 thousand in personnel salaries and employee benefits in FY24 funds roughly 3 additional FTE. While PED's FY23 request emphasized over \$6 million in funding to add staff in licensure, research, and information technology, PED has since showed some success reclassifying five positions and has created new positions commensurate with needs in data analysis and information technology. PED has improved hiring practices to recruit high-demand employees and is evaluating internal equity across education and experience to reduce salary compaction. PED also notes recent legislative increases in teacher salaries have made it more difficult to recruit current educators, and agencies statewide have struggled to hire experienced employees in information technology and human resources without competitive salaries. The committee recommendations supports the request in personnel salaries and employee benefits.

The department's request for a \$5 million increase to the operating budget included an increase of \$2 million in additional funds directly for IT services, \$500 thousand for technology licensing agreements, and \$75 thousand in data sharing services. The request targeted remaining funding needs for business intelligence reporting and grants management, two of five PED IT projects set for phase completions in June 2023. Both projects are designed to address PED deficiencies in data communication with schools and districts and allow PED staff to access and manipulate data, both of which are processes strained prior to the Covid-19 pandemic and exacerbated by additional vacancies, remote work, and stalled progress during the pandemic.

However, PED's Information Technology Division shows a 32 percent vacancy rate, with only 15 of 22 positions filled. IT has relied on contracts to fill positions and self-guided trainings for current staff. The committee recommends the department's request in technology licensing agreements and data-sharing services and recommends \$800 thousand for ongoing IT projects, where the department should also consider processes for staff training and additional strategies to recruit long-term IT staff.

Outside of the FY24 operating budget requests for IT-related needs, PED also requested new funding from the computer systems enhancement fund for two projects: a consolidated attendance portal accessible to schools and districts and ongoing security enhancements to streamline storage of staff, teacher, and student data.

**Federal Relief Funds.** The majority of PED's contractual and other category budgets are covered by federal funds, typically from recurring grant programs related to special education or state assessments. In response to the Covid-19 pandemic, however, Congress appropriated three rounds of emergency funding totaling \$1.5 billion. New Mexico has spent virtually all of the first round of Elementary and Secondary School Emergency Relief (ESSER), with nearly one-third spent on educational technology. In the second round of emergency funding, PED also focused funds on correcting learning loss and afterschool programs. Although ESSER dollars are not included in PED's FY24 budget request, the substantial amount of emergency funding has shifted agency operations toward closing the digital divide and creating new programs to attract and retain teachers. PED has directed schools to use the third round of emergency funds on accelerating instruction for at-risk student groups and supporting students with disabilities; PED has directed its third round of funds toward developing partnerships with local municipalities in supports of summer programs, afterschool programs, and additional support for community schools.

#### **PUBLIC EDUCATION DEPARTMENT OPERATIONAL**

The purpose of the public education department is to provide a public education to all students. The secretary of public education is responsible to the governor for the operation of the department. It is the secretary's duty to manage all operations of the department and to administer and enforce the laws with which the secretary or the department is charged. To do this, the department is focusing on leadership and support, productivity, building capacity, accountability, communication and fiscal responsibility.

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Number of students with a high-speed internet connection	NEW	246,069.0	310,205.0	310,205.0	310,205.0
Outcome	Number of students with access to a digital device	NEW	258,493.0	310,205.0	310,205.0	310,205.0
Outcome	Percent of students with a high-speed internet connection	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of students with a high-speed internet connection	NEW	91.0%	100.0%	100.0%	100.0%
Outcome	Percent of students with access to a digital device	N/A	N/A	N/A	N/A	N/A
Outcome	Percent of students with access to a digital device	NEW	95.0%	100.0%	100.0%	100.0%
Outcome	Average processing time for school district budget adjustment requests processed, in days	6.7	6.7	7.0	7.0	6.0
Outcome	Average number of days to process federal reimbursements to grantees after receipt of complete and verified invoices	40.0	40.0	22.0	22.0	22.0
* Outcome	Number of local education agencies and charter schools audited for funding formula components and program compliance annually	24.0	24.0	30.0	30.0	30.0
Outcome	Percent of section four public education special funds reverting annually	TBD	0.00%	1.00%	1.00%	1.00%
Outcome	Percent of section four public education special appropriations made to the public education department for the current fiscal year awarded by September 30 annually	87.90%	87.90%	90.00%	90.00%	95.00%
Explanatory	Percent of teachers passing all strands of professional dossiers on the first submittal	89.71%	71.00%	N/A	N/A	N/A
Explanatory	Percent of eligible children served in state-funded prekindergarten	22.73%	63.00%	N/A	N/A	N/A
* Explanatory	Number of eligible children served in state-funded prekindergarten	5,499.0	6,567.0	N/A	N/A	N/A
Explanatory	Percent of eligible children served in kindergarten-five-plus	9.88%	23.00%	N/A	N/A	N/A
* Explanatory	Number of eligible children served in K-5 plus	13,068.0	31.0	N/A	N/A	N/A
* Outcome	Percent of students in K-5 plus meeting benchmark on early reading skills	TBD	25.0	75.0	75.0	90.0

**Statutory Authority**

The Regional Cooperative Education Act, Sections 22-2B-1 to 22-2B-6 NMSA 1978, provides for the formation of regional education cooperatives (REC) among local school boards or other state-supported educational institutions to provide education-related services. These services have grown to include technical assistance, staff development, cooperative purchasing, fiscal management, and the administration of federal programs, among others. The Public Education Department (PED) can approve the existence and operation of RECs, classified as individual state agencies administratively attached to PED and exempt from the provisions of the State Personnel Act. Each REC has a governing regional education coordinating council composed of the superintendents or chief administrative officers of each local school district or state-supported institution participating in the cooperative. At present, PED has authorized 10 RECs statewide linking 68 districts school districts.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	0.0	1,100.0	3,500.0	1,350.0	22.7
Other Transfers	0.0	2,460.7	214.3	214.3	(91.3)
Federal Revenues	0.0	15,256.2	19,169.9	19,169.9	25.7
Other Revenues	0.0	52,964.7	48,146.4	48,146.4	(9.1)
<b>TOTAL SOURCES</b>	<b>0.0</b>	<b>71,781.6</b>	<b>71,030.6</b>	<b>68,880.6</b>	<b>(4.0)</b>
<b>USES</b>					
Northwest	0.0	5,270.6	4,621.6	4,406.6	(16.4)
Northeast	0.0	1,205.5	1,227.2	1,012.2	(16.0)
Lea county	0.0	11,110.0	9,772.0	9,557.0	(14.0)
Pecos valley	0.0	2,998.4	4,140.0	3,925.0	30.9
Southwest	0.0	16,878.0	17,163.0	16,948.0	0.4
Central	0.0	12,426.5	16,750.9	16,535.9	33.1
High plains	0.0	7,661.5	10,658.2	10,443.2	36.3
Clovis	0.0	2,910.0	4,600.0	4,385.0	50.7
Ruidoso	0.0	11,211.1	1,747.7	1,532.7	(86.3)
Four corners	0.0	110.0	350.0	135.0	22.7
<b>TOTAL USES</b>	<b>0.0</b>	<b>71,781.6</b>	<b>71,030.6</b>	<b>68,880.6</b>	<b>(4.0)</b>

**At A Glance**

RECs generate most of their revenue from federal grants and state-directed reimbursements; enterprise organizations that charge for services are typically exempt from general fund appropriations. They receive a general fund appropriation to alleviate cash flow issues. RECs requested \$3.5 million, a tripling of general fund appropriations, for FY24. The committee recommends \$1.35 million from the general fund, a \$250 thousand (or 22.7 percent) increase from the prior year, given substantial growth in federal revenues and a need to stabilize long-term staffing between contracts.

**Budget Issues**

For FY24, the Regional Education Cooperative Association (RECA), which represents the 10 RECs, requested \$3.5 million—a \$2.4 million general fund increase from FY22 funding levels. The request provides each REC with \$350 thousand for operations. The committee recommends \$1.35 million from the general fund, a \$250 thousand (or 22.7 percent) increase from the prior year, an appropriation of \$135 thousand to each REC. It is notable that some RECs have more grant capacity than other RECs, with FTE ranging from 6 FTE to up to 120 FTE, and thus some RECs spend comparatively more in operational funds.

RECs were first funded by the Legislature with general fund revenues in FY07 and FY08 at a total of \$1.8 million to assist with cash flow issues caused by the federal reimbursement cycle. In FY09, RECs received a \$1.4 million recurring appropriation, which was later reduced to \$938 thousand in FY11. Since FY10, the REC appropriation has remained relatively flat, even after the addition of a new REC in FY19. REC revenues from all sources have grown since 2009, when the Legislature added revenue-generating provisions for RECs in Section 22-2B-5 NMSA 1978. REC-5 revenues increased \$8.5 million from FY10 to FY22, and REC-9 revenues increased from \$3.8 million to over \$25 million over the same span. Substantial federal relief aid will likely contribute to further increases in REC funding for the next few years.

Approximately 75 percent to 85 percent of all REC funding flows from reimbursable programs. RECs generate most of this revenue from special education services (including federal grants), certain federal funds for services to low-income students, and state-directed activities. RECs also contract with other educational institutions and organizations to offer a wide range of specialized services for each individual region, providing 68 districts, charter schools, colleges and universities, and state institutions with ancillary staffing, financial management, professional development, and other direct services. Total non-general fund REC revenues in FY22 reached \$80.2 million, up from \$75.7 million in FY21.

A 2007 LFC evaluation noted the nine existing RECs requested a total of \$2.7 million in FY08 (about \$300 thousand per REC at the time) to cover costs for executive directors, business managers, program coordinators, auditing, and upkeep of facilities. RECs contend the reimbursement basis for services required by the federal Cash Management Improvement Act of 1990 necessitates cash balances to pay for upfront programmatic costs until reimbursements are paid. Additionally, other funds from state and federal sources are typically restricted to specified uses and, thus, prohibited for operational expenditures. RECs indicate volatility in programming levels due to timing of grants and other revenue sources can cause rapid turnover of technical personnel, generating higher and often unstable overhead costs. In FY22, RECs hired 314 FTE, an increase of 72 FTE from FY21, with REC-5 and REC-9 contributing 49 of the new employees.

In FY22, RECA hired an executive director to support all 10 RECs. RECA indicates the position is focused on coordinating their work with PED and other state agencies such as the Early Childhood Education and Care Department, Department of Health, and Children, Youth and Families Department. Although RECs are administratively attached to PED, the cooperatives have largely functioned independently of the agency under the direction of their respective coordinating councils, and the association has not historically functioned in a statewide capacity.

**Performance Measures.** RECA and individual RECs are not subject to performance measures. RECA has information on number of students reached via programs, cost per student, full-time and part-time employee turnover, time for contract completion, and quality of contract outcomes, all of which are important to consider as RECA expands a statewide emphasis and increases the value of contracts with state agencies.

## BUDGET SUMMARY

(dollars in thousands)

	<u>FY22 (2021-2022) Actuals</u>					<u>FY23 (2022-2023) Budgeted</u>				
	General Fund	Other State Funds	Inter-Agency Transfer	Federal Funds	TOTAL	General Fund	Other State Funds	Inter-Agency Transfer	Federal Funds	TOTAL
Regional Education Cooperative										
Four Corners REC #1	\$103.4	\$88.6	\$0.0	\$353.0	<b>\$545.0</b>	\$110.0	\$273.1	\$0.0	\$7,320.7	<b>\$7,703.8</b>
Northwest REC #2 (Gallina)	\$103.4	\$4,140.7	\$13.6	\$55.5	<b>\$4,313.2</b>	\$110.0	\$3,723.4	\$14.0	\$595.6	<b>\$4,443.0</b>
High Plains REC #3 (Raton)	\$103.4	\$9,482.9	\$0.0	\$2,638.8	<b>\$12,225.1</b>	\$110.0	\$9,407.4	\$0.0	\$1,275.5	<b>\$10,792.9</b>
Northeast REC #4 (Las Vegas)	\$103.4	\$132.2	\$0.0	\$839.2	<b>\$1,074.8</b>	\$110.0	\$160.9	\$0.0	\$919.6	<b>\$1,190.5</b>
Central REC #5 (Albuquerque)	\$103.4	\$6,555.9	\$40.3	\$4,732.2	<b>\$11,431.8</b>	\$110.0	\$8,176.8	\$47.3	\$7,483.1	<b>\$15,817.2</b>
REC #6 (Clovis)	\$103.4	\$798.6	\$0.0	\$3,890.6	<b>\$4,792.6</b>	\$110.0	\$858.4	\$0.0	\$2,411.0	<b>\$3,379.4</b>
Lea REC #7 (Hobbs)	\$103.4	\$3,754.0	\$0.0	\$2,770.0	<b>\$6,627.4</b>	\$110.0	\$3,860.0	\$0.0	\$5,562.0	<b>\$9,532.0</b>
Pecos Valley REC #8 (Artesia)	\$103.4	\$2,394.5	\$118.3	\$0.0	<b>\$2,616.2</b>	\$110.0	\$3,672.5	\$114.2	\$0.0	<b>\$3,896.7</b>
REC #9 (Ruidoso)	\$103.4	\$15,100.0	\$0.0	\$10,700.0	<b>\$25,903.4</b>	\$110.0	\$1,385.8	\$0.0	\$11.9	<b>\$1,507.7</b>
Southwest REC #10 (T or C)	\$103.4	\$9,692.8	\$38.0	\$368.1	<b>\$10,202.3</b>	\$110.0	\$9,108.6	\$38.0	\$804.2	<b>\$10,060.8</b>
<b>TOTAL</b>	<b>\$1,034.0</b>	<b>\$52,140.2</b>	<b>\$210.2</b>	<b>\$26,347.4</b>	<b>\$79,731.8</b>	<b>\$1,100.0</b>	<b>\$40,626.9</b>	<b>\$213.5</b>	<b>\$26,383.6</b>	<b>\$68,324.0</b>
	<u>FY24 (2023-2024) Agency Request</u>					<u>FY24 (2023-2024) LFC Recommendation</u>				
	General Fund	Other State Funds	Inter-Agency Transfer	Federal Funds	TOTAL	General Fund	Other State Funds	Inter-Agency Transfer	Federal Funds	TOTAL
Regional Education Cooperative										
Four Corners REC #1	\$350.0	\$0.0	\$0.0	\$0.0	<b>\$350.0</b>	\$135.0	\$0.0	\$0.0	\$0.0	<b>\$135.0</b>
Northwest REC #2 (Gallina)	\$350.0	\$3,932.0	\$14.0	\$325.6	<b>\$4,621.6</b>	\$135.0	\$3,932.0	\$14.0	\$325.6	<b>\$4,406.6</b>
High Plains REC #3 (Raton)	\$350.0	\$9,510.8	\$0.0	\$797.4	<b>\$10,658.2</b>	\$135.0	\$9,510.8	\$0.0	\$797.4	<b>\$10,443.2</b>
Northeast REC #4 (Las Vegas)	\$350.0	\$56.0	\$0.0	\$821.2	<b>\$1,227.2</b>	\$135.0	\$56.0	\$0.0	\$821.2	<b>\$1,012.2</b>
Central REC #5 (Albuquerque)	\$350.0	\$8,176.8	\$47.3	\$8,176.8	<b>\$16,750.9</b>	\$135.0	\$8,176.8	\$47.3	\$8,176.8	<b>\$16,535.9</b>
REC #6 (Clovis)	\$350.0	\$1,000.0	\$0.0	\$3,250.0	<b>\$4,600.0</b>	\$135.0	\$1,000.0	\$0.0	\$3,250.0	<b>\$4,385.0</b>
Lea REC #7 (Hobbs)	\$350.0	\$3,860.0	\$0.0	\$5,562.0	<b>\$9,772.0</b>	\$135.0	\$3,860.0	\$0.0	\$5,562.0	<b>\$9,557.0</b>
Pecos Valley REC #8 (Artesia)	\$350.0	\$3,675.0	\$115.0	\$0.0	<b>\$4,140.0</b>	\$135.0	\$3,675.0	\$115.0	\$0.0	<b>\$3,925.0</b>
REC #9 (Ruidoso)	\$350.0	\$1,385.8	\$0.0	\$11.9	<b>\$1,747.7</b>	\$135.0	\$1,385.8	\$0.0	\$11.9	<b>\$1,532.7</b>
Southwest REC #10 (T or C)	\$350.0	\$16,550.0	\$38.0	\$225.0	<b>\$17,163.0</b>	\$135.0	\$16,550.0	\$38.0	\$225.0	<b>\$16,948.0</b>
<b>TOTAL</b>	<b>\$3,500.0</b>	<b>\$48,146.4</b>	<b>\$214.3</b>	<b>\$19,169.9</b>	<b>\$71,030.6</b>	<b>\$1,350.0</b>	<b>\$48,146.4</b>	<b>\$214.3</b>	<b>\$19,169.9</b>	<b>\$68,880.6</b>

Source: RECA and LFC Files

### Statutory Authority

The Public School Facilities Authority (PSFA) was created in 2003 to staff the Public School Capital Outlay Council (PSCOC) pursuant to the Public School Capital Outlay Act, Section 22-24-9 NMSA 1978. Under the direction of PSCOC, PSFA is responsible for providing support and oversight in administering construction grants, deficiency corrections, and statewide, standards-based programs; assisting school districts with the development and implementation of five-year master plans and preventive maintenance plans; and overseeing all state-funded public school construction. The director, versed in construction, architecture, or project management, is selected by the council.

The membership of the council consists of a representative from the Governor's Office, the secretary of the Department of Finance and Administration, the secretary of the Public Education Department, the president of the New Mexico School Boards Association, the director of the Construction Industries Division of the Regulation and Licensing Department, the president of the State Board of Education, and the directors of the Legislative Finance Committee, Legislative Council Service, and Legislative Education Study Committee.

### Mission

The mission of PSFA is to support quality public education by encouraging and assisting districts with prudent planning, construction, and maintenance of appropriate physical environments to foster successful student learning, to involve active community participation in the education process, and to assist policymakers and New Mexico taxpayers with current and accurate financial and technical information and recommendations.

### BUDGET SUMMARY (dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	5,529.9	6,342.6	6,869.8	6,869.8	8.3
<b>TOTAL SOURCES</b>	<b>5,529.9</b>	<b>6,342.6</b>	<b>6,869.8</b>	<b>6,869.8</b>	<b>8.3</b>
<b>USES</b>					
Personal Services and Employee Benefits	4,220.3	4,968.3	5,446.9	5,447.0	9.6
Contractual Services	143.0	105.6	150.0	150.0	42.0
Other	1,166.1	1,268.7	1,272.9	1,272.9	0.3
<b>TOTAL USES</b>	<b>5,529.4</b>	<b>6,342.6</b>	<b>6,869.8</b>	<b>6,869.9</b>	<b>8.3</b>
<b>FTE</b>					
Permanent	54.0	55.0	55.0	55.0	0.0
Temporary	2.0	1.0	1.0	1.0	0.0
<b>TOTAL FTE</b>	<b>56.0</b>	<b>56.0</b>	<b>56.0</b>	<b>56.0</b>	<b>0.0</b>

### At A Glance

PSFA's budget request for FY24 was \$6.9 million, a \$527.2 thousand, or 8.3 percent, increase from FY23 operating levels. The agency's FY24 request includes \$478.6 thousand to maintain 6 FTE added through an FY23 special appropriation to process standards-based applications on a rolling, or monthly, basis rather than once annually. For FY24, the committee recommendation supports the agency request to build the FY23 special appropriation into the base operating budget.

### Budget Issues

The public school capital outlay fund (PSCOF) is a nonreverting fund that receives supplemental severance tax bond revenue, provides grants to schools, and funds PSFA's operating budget. Statutorily, PSFA's operational expenses for "core administrative functions" are limited to 5 percent of the average annual grant assistance over the past three years.

Fluctuations in average annual grant assistance creates volatility in PSFA's operating budget. In FY20 and FY21, PSFA's budget authority was decreased due to declining grant assistance trends. To meet statutory budget limitations and maintain staffing capacity, PSCOC transferred \$536 thousand in software costs for the construction and facility information management systems out of the operating budget and paid for these expenses through PSCOF.

In contrast, recent substantial growth in annual grant assistance has raised PSFA's budget for core administrative functions in FY22 and FY23. The agency's \$5.4 million request for personnel costs is within the FY24 statutory cap and a \$478.6 thousand, or 9.2 percent, increase from

FY23 budgeted levels. In 2022, the Legislature appropriated \$478.6 thousand to PSFA for staff and operational costs associated with processing standards-based capital outlay applications on a rolling basis. PSFA used the special appropriation to expand from 50 FTE to 56 FTE.

According to PSFA, the \$5.4 million request reflects the cost to fill 55 authorized FTE positions and maintain 1 vacant FTE position. The agency has historically reverted funds from the personal services and employee benefits category due to annual turnover as employees find competitive positions within school districts or private industries. In March 2022, the agency had 15.5 vacant FTE positions and reverted \$198.8 thousand from the personal services and employee benefits category to PSCOF in at the end of the fiscal year. PSFA has hired new employees in recent months and now reports 3 vacant FTE positions.

Since FY01, the state has awarded about \$2.6 billion for capital projects and lease assistance at school districts, charter schools, the New Mexico School for the Blind and Visually Impaired, and the New Mexico School for the Deaf. Despite agency expansions to increase application processing, recent changes in PSCOC's formula have increased most local districts' share for funding capital projects, discouraging participation in PSCOC awards. Drastic drops in student enrollment, outstanding legislative offset balances, and increased construction and labor costs have also discouraged movement on school facility projects, leading to growing PSCOF balances. Consequently, the cost per square foot is increasing while enrollment is falling.

Despite significant investments and statewide improvements in school facilities, the *Zuni* capital outlay adequacy lawsuit, initially filed in 1999, is still ongoing. In 2015, plaintiff school districts asked the 11th Judicial District Court for a status hearing on new claims of inequity, alleging they are unable to raise sufficient local capital outlay revenue to maintain capital assets and build facilities outside the adequacy standards, while some districts with available local revenues are able to do so. In 2021, the court ruled New Mexico's system remained unconstitutional and dismissed the state's motion to close the case, noting legislative action to remove the credit for federal Impact Aid payments to certain plaintiff districts was positive but did not resolve issues of uniformity and sufficiency for public school capital outlay. The state appealed the court's decision and awaits a hearing.

Although PSFA's core agency mission is to ensure school facilities meet educational adequacy standards, the Legislature and PSCOC have added new programs in recent years, significantly expanding the scope of the agency's work. PSCOC has authorized awards for broadband deficiencies (2014), facility systems (2017), school security (2018), prekindergarten classrooms (2019), teacher housing (2019), outside-of-adequacy projects (2019), and building demolition (2021). Given the substantial increase in the number of non-standards-based projects, the Legislature should consider reducing undersubscribed supplemental programs or directly allocating PSCOF distributions to districts for maintenance and nonstandard projects.

**Agency Operations.** PSFA's 2019 financial audit included two material weaknesses—one for a late audit and another for insufficient internal controls over trial balance, financial reconciliations, budget, and reporting. The agency has still not fully reconciled PSCOC's financial plan to date and is unable to determine uncommitted PSCOF balances accurately. The lack of a complete reconciliation hinders the council's ability to make awards with certainty.

In FY22, PSFA contracted with an external process improvement vendor to survey schools districts on the agency's performance and recommend process improvements. In response to survey feedback noting the long process for projects, PSFA has consolidated design and planning processes, reducing project timelines by six months to nine months and expediting the proposal review process by four months to six months.

**Broadband.** Since 2014, PSCOC leveraged federal, state, and local funding to lay hundreds of miles of fiber optic cable and purchase network equipment, connecting virtually all schools to broadband. However, with the transition to remote learning during the public health emergency in FY20 and FY21, the state has shifted the need from school connectivity toward household connectivity and device access.

In FY21, the Legislature expanded the educational technology deficiency corrections program to include hardware for connecting teachers and students to the internet and services necessary for remote education. With substantial investment in expanding broadband nationwide and an influx of digital devices for students, the demand for PSCOF support for connectivity projects will likely grow. PSFA is currently developing a joint powers agreement with the Office of Broadband Access and Expansion to align efforts for statewide education network with other broadband efforts.

**School Security.** In FY18, PSCOC began issuing awards for school security. The \$10 million security program, which sunset in FY22, was administratively burdensome for PSFA, involving hundreds of small projects that took more than three years to complete. Given recent school shootings, which have resurfaced local demand for school security measures, the Legislature should consider distributing security awards through a formula allocation rather than establish a new application process.

**Systems Initiative.** In FY17, PSCOC began piloting a systems-based award application process to address improvements in roofing, electrical distribution, electronic communication, plumbing, lighting, mechanical, fire prevention, facility shell, interior finishes, and heating, ventilation, and air conditioning (HVAC) systems. Although system improvements can extend the useful life of existing buildings and represent a more cost-effective means to improving facility conditions, districts may have greater incentive to wait for a standards-based award to replace the entire building rather than invest in improvements that may be demolished in a few years.



School reopening requirements in FY21 increased the number of school HVAC upgrades and air quality projects statewide; however, requests for PSCOF systems awards has not grown substantially. To reopen, the Public Education Department required schools to install MERV-13 filters (air filters with higher MERV ratings catch smaller particles) in school ventilation systems, which will place greater strain on existing HVAC systems and reduce useful system life. Many schools also do not have HVAC systems compatible with MERV-13 filters, which also increases the demand for system replacement. Rather than leveraging PSCOF, however, most schools chose to use federal emergency relief funds for these projects in FY21. With ongoing requirements for higher air quality in schools, future requests for systems awards may include more HVAC replacements as these systems reach the end of their useful lives.

### **PUBLIC SCHOOL FACILITIES AUTHORITY**

The purpose of the public school facilities oversight program is to oversee public school facilities in all eighty-nine school districts ensuring correct and prudent planning, building and maintenance using state funds and ensuring adequacy of all facilities in accordance with public education department approved educational programs.

#### **PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Outcome	Average number of months from substantial completion to financial closeout	18.0	18.0	18.0	18.0	18.0
Explanatory	Number of change orders in current fiscal year	6.0	0.0	N/A	N/A	N/A
Explanatory	Average number of months between initial award to occupancy	63.0	48.0	N/A	N/A	N/A
Explanatory	Average number of months from initial award to commencement of construction	44.0	36.0	N/A	N/A	N/A
Explanatory	Average cost per square foot of new construction	\$303.25	\$329.50	N/A	N/A	N/A
* Explanatory	Statewide public school facility condition index measured on December 31 of prior calendar year	52.0	54.0	N/A	N/A	N/A
* Explanatory	Statewide public school facility maintenance assessment report score measured on December 31 of prior calendar year	71.0	72.0	N/A	N/A	N/A
Explanatory	Average megabits per second per student	TBD	3.0	N/A	N/A	N/A
Explanatory	Total annual dollar change from initial award state match estimate to actual award state match	(\$2,369,357.00 )	\$10,399,888.00	N/A	N/A	N/A
Explanatory	Average square foot per student of middle schools	229.0	212.0	N/A	N/A	N/A
Explanatory	Average square foot per student of high schools	331.0	264.0	N/A	N/A	N/A
Explanatory	Average square foot per student of new construction, high schools	99,999.0	0.0	N/A	N/A	N/A
Explanatory	Average square foot per student of elementary schools	190.0	192.0	N/A	N/A	N/A
Explanatory	Average square foot per student of new construction, elementary schools	155.0	0.0	N/A	N/A	N/A
Explanatory	Average square foot per student of new construction, middle schools	N/A	0.0	N/A	N/A	N/A



**Statutory Authority**

In 1997, the Education Trust Board (ETB) was created pursuant to the Education Trust Act in Sections 21-21K-1 through 21-21K-7 NMSA 1978. As required by Internal Revenue Code 529, ETB is administered by the state of New Mexico. ETB is administratively attached to the Higher Education Department and administers the education trust fund, which includes all funds received pursuant to college investment agreements as part of the state's qualified tuition program.

ETB is governed by a five-person board that includes the secretary of the Higher Education Department and appointees of the governor, the Speaker of the House of Representatives, and the president pro tem of the Senate. The board authorizes rules and regulations governing the college savings plans, protects the integrity of the trust, and ensures proper use of tax benefits.

**Mission**

ETB administers the state's federally authorized college savings plan, a flexible, convenient, and tax-efficient means for families to save for college costs, including tuition, fees, room, books, and supplies.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
Other Revenues	446,382.3	3,531.9	2,653.8	2,653.8	(24.9)
Fund Balance	0.0	0.0	596.4	596.4	0.0
<b>TOTAL SOURCES</b>	<b>446,382.3</b>	<b>3,531.9</b>	<b>3,250.2</b>	<b>3,250.2</b>	<b>(8.0)</b>
<b>USES</b>					
Personal Services and Employee Benefits	673.4	445.2	483.7	483.7	8.6
Contractual Services	8,350.3	2,809.7	2,512.7	2,512.7	(10.6)
Other	7,737.6	277.0	253.8	253.8	(8.4)
<b>TOTAL USES</b>	<b>16,761.3</b>	<b>3,531.9</b>	<b>3,250.2</b>	<b>3,250.2</b>	<b>(8.0)</b>
<b>FTE</b>					
Permanent	3.0	3.0	3.0	3.0	0.0
<b>TOTAL FTE</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>0.0</b>

**At A Glance**

The Education Trust Board, self-supported through an administrative fee on its plans, has requested a 7.9 percent operating budget decrease, from nearly \$3.5 million in FY23 to approximately \$3.25 million for FY24.

In response to slowed revenue projections and decreasing fund balances, the FY24 operating budget request returns the Education Trust Board closer to its FY22 operating budget of \$3.18 million. ETB anticipates slightly slowed revenues from FY22 to FY24, projecting \$2.87 million in FY23 and \$2.63 million in FY24. Projected fund balance at the end of FY23 is approximately \$10.1 million, down from \$10.8 million in FY22. Tapered expenses commensurate with a decrease in revenue are reflected in ETB's FY24 budget request, including decreases in contractual services, digital marketing, and some IT services.

**Budget Issues**

ETB's 529 plans allow participants the flexibility to save money with one of two plans offered by ETB: the Education Plan (TEP) or the Scholar's Edge. ETB spends the majority of contractual service funds on marketing expenses and shows FY22 new accounts increased 55.5 percent compared with FY19 and 26.5 percent compared to FY20. There is an emphasis on marketing because, as the 529 plans mature, the total value of the plans will begin to lose asset value without increased participants, or increased contributions, or market appreciation of the investments.

Additionally, the average age of beneficiaries is in mid-to-late teens, which might contribute to increased redemptions in FY23 or FY24. In response to decreased revenue projections, ETB will continue marketing efforts to identify and enroll more participants, particularly New Mexico families. In FY22, ETB outreach added account holders in 26 additional communities in New Mexico. ETB also added 309 new accounts through a partnership with Sandia Labs.

The board's budget is established through an annual budget adjustment request waiver and based on the Higher Education Department's budget authority and is not included in the General Appropriation Act. Given the board's size, functions, revenue sources and restricted uses and lack of policies and practices consistent with state agencies included in the General Appropriation Act, the committee recommends the board's budget authority remain outside of the General Appropriation Act.

# Higher Education

**Statutory Authority**

Pursuant to Section 21-1-26 NMSA 1978, the Higher Education Department (HED) determines an adequate level of funding for higher education institutions and recommends the equitable distribution of available funds among them. Responsibilities of the department include implementing the Postsecondary Education Planning Act, the Postsecondary Education Articulation Act, the Student Loan Act, the Education Trust Act, degree program approval, and proprietary school licensing, for which it collects fees. Additionally, the department recommends institutional capital project priorities and administers state-funded financial aid programs. The department administers the adult basic education program. The department also provides financial oversight of the constitutionally created special schools: the New Mexico Military Institute, New Mexico School for the Deaf, and New Mexico School for the Blind and Visually Impaired. Lastly, the department is charged with creating a statewide public plan for higher education needs and goals, studying enrollment capacity needs, developing a statement of statewide educational needs, and analyzing the financial impacts of proposed new and expanded degree programs.

**Mission**

HED administers a coordinated public and postsecondary statewide education system. The department and boards of the colleges and universities share governance over higher education.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	40,385.9	47,556.2	152,781.8	60,789.7	27.8
Other Transfers	72,589.8	43,143.3	43,093.3	46,093.3	6.8
Federal Revenues	6,047.3	10,950.0	11,800.0	11,800.0	7.8
Other Revenues	1,867.7	549.5	549.5	549.5	0.0
Fund Balance	10,147.0	10,000.0	15,000.0	10,000.0	0.0
<b>TOTAL SOURCES</b>	<b>131,037.7</b>	<b>112,199.0</b>	<b>223,224.6</b>	<b>129,232.5</b>	<b>15.2</b>
<b>USES</b>					
Personal Services and Employee Benefits	4,215.7	5,476.3	6,265.3	5,761.3	5.2
Contractual Services	948.3	1,660.4	1,830.0	1,730.0	4.2
Other	97,984.5	105,062.3	215,129.3	121,741.2	15.9
Other Financing Uses	30,401.7	0.0	0.0	0.0	0.0
<b>TOTAL USES</b>	<b>133,550.2</b>	<b>112,199.0</b>	<b>223,224.6</b>	<b>129,232.5</b>	<b>15.2</b>
<b>FTE</b>					
Permanent	34.0	37.0	39.3	37.3	0.7
Term	12.0	13.0	12.8	12.8	(1.9)
<b>TOTAL FTE</b>	<b>46.0</b>	<b>50.0</b>	<b>52.1</b>	<b>50.1</b>	<b>0.2</b>

**At A Glance**

The Higher Education Department (HED) requested an increase of \$120.9 million, or 118 percent, over the FY23 operating budget, including a \$105 million increase from the general fund. The request includes increases of \$88 million for the opportunity scholarship, \$13 million for health professional loan repayment, and \$2.7 million for adult basic education programs, materials, and test vouchers.

The LFC recommendation supports all these initiatives but uses different funding sources and methods. The LFC recommendation includes an additional \$10 million for the opportunity scholarship, \$3 million for healthcare loan repayment, and \$3 million for adult basic education and job training. The LFC recommendation relies to a greater extent on nonrecurring revenue to fund the opportunity scholarship and loan repayment programs.

**Budget Issues**

The Higher Education Department (HED) is composed of three programs: policy development and institutional finance, student financial aid, and the opportunity scholarship. The department provides assistance and oversight to higher education institutions (HEI) and provides guidance on administration of the higher education funding formula. However, these oversight functions account for approximately \$5.5 million, or 5 percent, of the total HED operating budget. The rest of the funding is directed to educational programming and financial aid programs.

**Policy Development and Institutional Finance Program.** With oversight responsibilities for 31 public institutions and over 100 thousand students, HED manages a \$112 million budget with 50 employees. For FY24, the department requested an increase for the Financial Aid Division of \$737.5 thousand to fully fund eight currently-authorized positions and hire a director and an outreach coordinator. The department also requested \$336 thousand for tribal dual-credit courses to bring total annual funding to \$600 thousand and \$2.7 million for adult basic education programs, including \$200 thousand each for instructional materials and to pay student costs of high school equivalency vouchers. The total requested increase for the program is \$4.6 million, or 18 percent, of which \$3.7 million is from the general fund and \$850 thousand is from federal funds.

LFC recommends an overall increase of \$4.1 million, or 16 percent. The recommendation comprises a general fund base increase of \$233 thousand, or 4.5 percent, for operational expenses, \$850 thousand to align the federal funds budget closer to actual receipts, and an additional \$3 million in federal Temporary Assistance for Needy Families (TANF) block grant funds for adult basic education. The increase in adult basic education funding is split between HED's regular adult basic education program, which distributes funding to providers based on a formula, and \$1 million specifically for integrated education and training (IET) programs. IET programs are designed to quickly move participants from training to the workforce and include apprenticeship opportunities.

**Student Financial Aid.** HED requested an increase of \$18.4 million, or 25 percent, for student financial aid mostly for student loan repayment programs. The request includes \$13.4 million from the general fund to increase health professional loan repayment from \$1.6 million to \$15 million per year. The medical professional loan repayment program is a two-year program with a maximum award amount of \$25 thousand per applicant. The program received 529 applications in FY23 and made 43 awards, in addition to continuing 20 FY22 awards. The vast majority of new applications, 331 out of 529 total, came from University of New Mexico hospital employees who do not qualify for federal loan repayment under the National Health Service Corps program. HED estimates the additional funding will allow the department to make an additional 350 to 450 awards annually.

HED requested doubling the funding of the teacher loan repayment program, from \$5 million to \$10 million. The teacher loan repayment program may award up to \$6,000 per year per teacher for two years. The program does not receive recurring revenue but has received nonrecurring appropriations from the Legislature over the past several years and projects an FY23 ending fund balance of \$10.6 million. HED made 900 awards through this program in the FY23 cycle, more than doubling the 412 awards made in FY22. Funding just the continuation of 900 FY23 awards into their second year will cost approximately \$5.4 million in FY24.

The LFC recommendation includes an additional \$3 million from the general fund for the health professional loan repayment program, bringing the annual total appropriation from \$1.7 million to \$4.7 million. The increase would provide sufficient recurring funding to increase the number of repayment recipients by 80 to 100 per year. In addition to recurring funding, LFC recommends \$5 million in nonrecurring special appropriations for this program to further increase the number of annual awards.

The LFC recommendation does not increase the distribution from the teacher loan repayment program. The available \$10.6 million fund balance is sufficient to make \$5 million in annual disbursements for two years. Increasing the annual disbursement to \$10 million would result in the fund being depleted in by the end of FY24 unless additional appropriations are made. HED requested and LFC recommends continuation of \$5 million for the teacher preparation affordability scholarship. The department reports an FY23 projected ending balance of \$13.6 million.

**Opportunity Scholarship.** New Mexico provides among the richest financial aid to college students in the nation. The relatively low cost of college attendance in New Mexico likely spurred many students to seek higher education and resulted in the state outperforming the nation in the proportion of graduating high school students going on to higher education in FY23. Despite this, New Mexico ranks 39th in the nation for the proportion of residents with a bachelor's degree.

There are numerous potential causes of low college graduation rates, including students being unprepared for college-level academics, difficulty navigating college administration, social and emotional stress, and financial need. New Mexico is the third poorest state in the country, a major barrier to attaining a college education. However, the state also ranks last in K-12 student performance so that even when students complete high school, many may be unprepared for more rigorous academics.

The opportunity scholarship is a tuition-free college program for students not covered by the Legislative Lottery Scholarship program. While the lottery scholarship is limited to recent high school graduates going directly to college full-time, the opportunity scholarship will pay tuition and fees for returning and part-time students. The Higher Education Department requested \$100 million to pay for the opportunity scholarship in FY24 but has not released actual costs for fall 2022 or updated estimates for FY24.

HED reported creation of the opportunity scholarship resulted in enrollment increases for fall 2022, the first increases in a decade. Student headcount rose by 4,000, or 3.9 percent, while full-time equivalent students increased by 2,300, or 3.4 percent.

While the increase in enrollment is promising, it remains to be seen whether student outcomes will improve as a result of the scholarship. Given the cost of the program, approximately \$25 thousand per new student, the state should have clearly defined goals and objectives for the program to

ensure the investment made will pay off. The progress of institutions in improving student retention and graduation must be monitored, as do tuition increases which will directly impact costs to the state. For these reasons, LFC recommends incrementally increasing the recurring funding to the program and paying more of the request with nonrecurring funds.

LFC recommends an additional \$10 million in recurring funding for the opportunity scholarship, bringing total annual recurring appropriations to \$22 million. In addition, the LFC recommends \$60 million in nonrecurring funding for the scholarship. When combined with the estimated \$40 million spending on the lottery scholarship program and \$21 million in other state financial aid, the LFC recommendation contains \$83 million in recurring revenue for tuition subsidies and loan repayment.

**BASE EXPANSION LISTING  
FY 2023-2024**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Opportunity Scholarship	P510	88,000.0	0.0
2	Teacher Loan Repayment Program	P506	5,000.0	0.0
3	Health Professional Loan Repayment Fund	P506	13,352.0	3,000.0
4	Tribal Dual Credit	P505	336.1	0.0
5	Adult Education	P505	2,300.0	0.0
6	Free High School Equivalency Vouchers	P505	200.0	0.0
7	Adult Education Instructional Materials	P505	200.0	0.0
8	Agency FTE - Financial Aid FTE	P505	737.5	0.0
<b>TOTAL</b>			<b>110,125.6</b>	<b>3,000.0</b>

**POLICY DEVELOPMENT AND INSTITUTIONAL FINANCIAL OVERSIGHT**

The purpose of the policy development and institutional financial oversight program is to provide a continuous process of statewide planning and oversight within the department's statutory authority for the state higher education system and to ensure both the efficient use of state resources and progress in implementing a statewide agenda.

**BUDGET SUMMARY  
(dollars in thousands)**

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	12,756.4	14,476.7	18,250.3	14,710.2	1.6
Other Transfers	31,482.2	43.3	43.3	3,043.3	6,928.4
Federal Revenues	5,449.8	10,650.0	11,500.0	11,500.0	8.0
Other Revenues	1,043.8	549.5	549.5	549.5	0.0
<b>TOTAL SOURCES</b>	<b>50,732.2</b>	<b>25,719.5</b>	<b>30,343.1</b>	<b>29,803.0</b>	<b>15.9</b>
<b>USES</b>					
Personal Services and Employee Benefits	4,215.7	5,476.3	6,265.3	5,761.3	5.2
Contractual Services	935.5	1,590.4	1,660.0	1,660.0	4.4
Other	14,657.7	18,652.8	22,417.8	22,381.7	20.0
Other Financing Uses	30,401.7	0.0	0.0	0.0	0.0
<b>TOTAL USES</b>	<b>50,210.6</b>	<b>25,719.5</b>	<b>30,343.1</b>	<b>29,803.0</b>	<b>15.9</b>
<b>FTE</b>					
Permanent	34.0	37.0	39.3	37.3	0.7
Term	12.0	13.0	12.8	12.8	(1.9)
<b>TOTAL FTE</b>	<b>46.0</b>	<b>50.0</b>	<b>52.1</b>	<b>50.1</b>	<b>0.2</b>

**Recommended Language**

The internal service/ interagency transfers appropriations to the policy development and institutional financial oversight program of the higher education department include two million dollars (\$2,000,000) from the temporary assistance for needy families block grant for adult basic education.

The internal service/ interagency transfers appropriations to the policy development and institutional financial oversight program of the higher education department include one million dollars (\$1,000,000) from the temporary assistance for needy families block grant for adult basic education for integrated education and training programs, including integrated basic education and skills training programs.

The general fund appropriation to the policy development and institutional financial oversight program of the higher education department in the other category includes six million seven hundred thousand dollars (\$6,700,000) to provide adults with education services and materials and access to high school equivalency tests, one hundred twenty-six thousand one hundred dollars (\$126,100) for workforce development programs at community colleges that primarily educate and retrain recently displaced workers, seven hundred sixty-one thousand one hundred dollars (\$761,100) for the high skills program, eighty-four thousand five hundred dollars (\$84,500) for English-learner teacher preparation and two hundred sixty-three thousand nine hundred dollars (\$263,900) to the tribal college dual-credit program fund.

The general fund appropriation to the policy development and institutional financial oversight program of the higher education department in the contractual services category includes seven hundred fifty thousand dollars (\$750,000) for an adult literacy program.

Any unexpended balances in the policy development and institutional financial oversight program of the higher education department remaining at the end of fiscal year 2023 from appropriations made from the general fund shall revert to the general fund.

**PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
* Outcome	Percent of unemployed adult education students obtaining employment two quarters after exit	37%	37%	35%	23%	23%
* Outcome	Percent of adult education high school equivalency test-takers who earn a high school equivalency credential	79%	76%	79%	75%	75%
Outcome	Percent of fiscal watch program quarterly reports from institutions submitted to the department of finance and administration and the legislative finance committee	100.00%	100.00%	100.00%	100.00%	100.00%
Efficiency	Agency performance rate on annual loss prevention and control audit conducted by the general services department	100.00%	100.00%	100.00%	100.00%	100.00%
* Outcome	Percent of high-school-equivalency graduates entering postsecondary degree or certificate programs	41%	24%	44%	26%	44%
Explanatory	Percentage of first time, full time, degree seeking students, from the most recently available cohort, at state-funded universities who graduated within four-years of their initial enrollment	21.50%	39.30%	N/A	N/A	N/A
Explanatory	Percentage of first time, full time, degree seeking students, from the most recently available cohort, at state-funded community colleges who graduated within two-years of their initial enrollment	25.20%	23.50%	N/A	N/A	N/A
Output	Number of certificates issued for new and existing private post-secondary schools by type of state authorization	84.0	85.0	70.0	85.0	85.0
Output	Number of current state authorized and exempted private post-secondary schools by school type	130.0	138.0	100.0	100.0	100.0

**STUDENT FINANCIAL AID**

The purpose of the student financial aid program is to provide access, affordability and opportunities for success in higher education to students and their families so all New Mexicans may benefit from postsecondary education and training beyond high school.

**BUDGET SUMMARY**  
(dollars in thousands)

	FY22 2021-2022	FY23 2022-2023	FY24 2023-2024		
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
<b>SOURCES</b>					
General Fund Transfers	20,629.5	21,079.5	34,531.5	24,079.5	14.2
Other Transfers	41,107.6	43,100.0	43,050.0	43,050.0	(0.1)
Federal Revenues	597.5	300.0	300.0	300.0	0.0
Other Revenues	790.1	0.0	0.0	0.0	0.0
Fund Balance	10,147.0	10,000.0	15,000.0	10,000.0	0.0
<b>TOTAL SOURCES</b>	<b>73,271.7</b>	<b>74,479.5</b>	<b>92,881.5</b>	<b>77,429.5</b>	<b>4.0</b>
<b>USES</b>					
Contractual Services	12.8	70.0	170.0	70.0	0.0
Other	70,868.5	74,409.5	92,711.5	77,359.5	4.0
<b>TOTAL USES</b>	<b>70,881.3</b>	<b>74,479.5</b>	<b>92,881.5</b>	<b>77,429.5</b>	<b>4.0</b>

**Recommended Language**

The other state funds appropriation to the student financial aid program of the higher education department in the other category includes five million dollars (\$5,000,000) from the teacher preparation affordability scholarship fund and five million dollars (\$5,000,000) from the teacher loan repayment fund.

**PERFORMANCE MEASURES**

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Explanatory	Percent of eligible state loan for service applicants receiving funds	58.00%	34.00%	N/A	N/A	N/A
Explanatory	Percent of eligible state loan repayment applicants receiving funds	17.00%	27.00%	N/A	N/A	N/A



Student Financial Aid Program Detail (Dollars in Thousands)		FY23 OPBUD	FY24 HED Request	HED Over/(Under) Opbud	FY24 LFC Rec	LFC Over/(Under) FY23
1	<b>Student Access and Achievement</b>					
2	<b>Lottery Scholarship*</b>					
3	Other Transfer	40,000.0	40,000.0		40,000.0	-
4	Other Revenues					-
5	Fund Balance					-
6	<b>Total Lottery Scholarship</b>	<b>40,000.0</b>	<b>40,000.0</b>	-	<b>40,000.0</b>	-
7	<b>Student Incentive Grant</b>					
8	General Fund	7,783.7	7,783.7	-	7,783.7	-
9	<b>College Affordability Endowed Scholarships</b>					
10	Other Transfer	3,000.0	3,000.0	-	3,000.0	-
11	<b>Work-Study</b>					
12	General Fund	5,652.5	5,652.5	-	5,652.5	-
13	<b>Vietnam Veterans Scholarship</b>					
14	General Fund	48.0	48.0	-	48.0	-
15	<b>NM Scholars</b>					
16	General Fund	144.0	144.0	-	144.0	-
17	<b>Peace Officer and Fire Fighter Fund</b>					
18	General Fund	57.6	57.6	-	57.6	-
19	<b>Wartime Veterans Scholarship</b>					
20	General Fund	288.0	288.0	-	288.0	-
21	<b>Total Student Access and Achievement</b>	<b>16,973.8</b>	<b>16,973.8</b>	-	<b>16,973.8</b>	-
22						
23	<b>Healthcare Workforce Development</b>					
24	<b>Nursing Student Loan for Service</b>					
25	General Fund	432.0	432.0	-	432.0	-
26	<b>Nurse Educator Loan For Service</b>					
27	General Fund	62.4	62.4	-	62.4	-
28	<b>Medical Student Loan Prog.</b>					
29	General Fund	432.0	432.0	-	432.0	-
30	<b>Allied Health</b>					
31	General Fund	115.2	115.2	-	115.2	-
32	<b>Health Professional Loan Repayment</b>					
33	General Fund	1,648.0	15,000.0	13,352.0	4,648.0	3,000.0
34	Federal Funds	300.0	300.0		300.0	300.0
35	<b>Dentistry Loan for Service</b>					
36	General Fund	31.1	31.1	-	31.1	-
37	<b>Dental Residency Program</b>					
38	General Fund	864.0	900.0	36.0	900.0	36.0
39	<b>Total Healthcare Workforce Development Programs</b>	<b>3,584.7</b>	<b>16,972.7</b>	<b>13,388.0</b>	<b>6,620.7</b>	<b>3,036.0</b>
40						
41	<b>Statewide Priority Professional Development</b>					
42	<b>Teacher Loan Repayment</b>					
43	Other State Funds	5,000.0	10,000.0		5,000.0	-
44	<b>Teacher Preparation</b>					
45	Other State Funds	5,000.0	5,000.0		5,000.0	-
46	<b>Teacher Loan-for-Service</b>					
47	General Fund	4.8	4.8	-	4.8	-
48	<b>Graduate Scholarship</b>					
49	General Fund	488.3	488.3	-	488.3	-
50	<b>Minority Doctoral Assistance</b>					
51	General Fund	19.2	19.2	-	19.2	-
52	<b>WICHE Loan-for-Service</b>					
53	General Fund	2,256.0	2,220.0	(36.0)	2,220.0	(36.0)
54	<b>Public Service Law Loan Repayment</b>					
55	General Fund	194.0	194.0	-	194.0	-
56	<b>Social Worker Loan for Service</b>					
57	General Fund	432.0	432.0	-	432.0	-
58	<b>Community Governance/Land Grant Legal Services</b>					
59	General Fund	96.0	96.0	-	96.0	-
60	<b>Total Statewide Priority Professional Development</b>	<b>13,490.3</b>	<b>18,454.3</b>	<b>(36.0)</b>	<b>13,454.3</b>	<b>(36.0)</b>
61						
62	<b>Financial Aid Administration</b>					
63	General Fund	30.7	130.7		30.7	
64	Board of Nursing Transfer	50.0	50.0		50.0	
65	<b>GENERAL FUND TOTAL</b>	<b>21,079.5</b>	<b>34,531.5</b>	<b>13,352.0</b>	<b>24,079.5</b>	<b>3,000.0</b>
66	<b>GRAND TOTAL</b>	<b>74,479.5</b>	<b>92,881.5</b>	<b>13,352.0</b>	<b>77,429.5</b>	<b>3,300.0</b>
67						
68						
69						
70						

## FY24 Higher Education General Fund Spending Summary

	FY23 Base	HED Rec.	LFC Rec.	LFC Over/(Under) HED	LFC Over/(Under) FY23 Opbud
<b>Instruction and General Funding</b>					
<b>FY23 Funding Formula Base, HEIs</b>	<b>717,050.00</b>	<b>717,050.0</b>	<b>717,050.0</b>		
Percent "New Money", Formula		5%	1%		
Amount "New Money", Formula		35,852.6	7,170.2	(28,682.4)	
<b>I&amp;G Distribution by Formula Component</b>					
Workload (Course Completion)		5,377.9	1,075.5	(4,302.4)	
Certificates and Degrees		23,304.2	4,660.6	(18,643.6)	
Mission-Differentiated Measures		7,170.5	1,434.0	(5,736.5)	
<b>Total Outcome Funding</b>		<b>35,852.6</b>	<b>7,170.2</b>	<b>(28,682.4)</b>	<b>7,170.2</b>
<b>I&amp;G Base Funding, HEI</b>		<b>752,902.6</b>	<b>724,220.2</b>	<b>(28,682.4)</b>	
<b>Non-Formula Institutions</b>					
Health Sciences Center I&G	74,937.3	78,684.2	75,686.7	(2,997.5)	749.37
Special Schools I&G	8,518.1	9,130.4	8,849.9	(280.5)	331.81
<b>Total I&amp;G Adjustment</b>	<b>800,505.40</b>	<b>840,717.2</b>	<b>808,756.8</b>	<b>(31,960.4)</b>	<b>8,251.38</b>
<b>Nonformula Adjustments</b>					
ERB/Pension		-	7,721.3	7,721.3	7,721.3
Targeted Faculty Increase		-	7,000.0	7,000.0	7,000.0
Student Support		-	2,500.0	2,500.0	2,500.0
Per Student Equity		-	1,000.0	1,000.0	1,000.0
<b>Grand Total I&amp;G</b>	<b>800,505.40</b>	<b>840,717.2</b>	<b>826,978.1</b>	<b>(13,739.1)</b>	<b>26,472.67</b>
<b>Dollar Change from Prior Year</b>		<b>40,211.8</b>	<b>26,472.7</b>	<b>(13,739.1)</b>	
<b>Percent Change from Prior Year</b>		<b>5.0%</b>	<b>3.3%</b>		
<b>Other Categorical</b>					
Athletics	22,642.7	22,642.7	22,642.7	-	-
Educational Television	3,380.5	3,805.7	3,380.5	(425.2)	-
Tribal Education	1,750.0	1,750.0	1,750.0	-	-
Teacher Education	4,131.9	5,226.2	4,362.1	(864.1)	230.2
Student Services	6,140.1	7,136.8	6,329.3	(807.5)	189.2
Health Care Workforce	7,611.0	12,290.7	10,504.8	(1,785.9)	2,893.8
Nurse Expansion Backfill	7,112.9	16,668.7	14,057.4	(2,611.3)	6,944.5
Center of Excellence	1,581.4	2,500.0	2,500.0	-	918.6
Other RPSP	122,942.3	135,620.9	128,486.8	(7,134.1)	5,544.5
<b>Other Categorical Subtotal</b>	<b>177,292.8</b>	<b>207,641.7</b>	<b>194,013.6</b>	<b>(13,628.1)</b>	<b>16,720.8</b>
<b>Dollar Change from Prior Year</b>		<b>30,348.90</b>	<b>16,720.78</b>		
<b>Percent Change from Prior Year</b>		<b>17.1%</b>	<b>9.4%</b>		
<b>Total GAA Section 4 Institutions</b>	<b>977,798.20</b>	<b>1,048,358.87</b>	<b>1,020,991.65</b>	<b>(25,966.93)</b>	<b>43,193.45</b>
<b>Higher Education Department</b>					
Operating Budget and Flow-Throughs	14,476.7	18,250.3	14,710.2	(3,540.1)	233.5
Student Financial Aid	21,079.5	34,531.5	24,079.5	(10,452.0)	3,000.0
Opportunity Scholarship	12,000.0	100,000.0	22,000.0	(78,000.0)	10,000.0
<b>Total</b>	<b>47,556.2</b>	<b>152,781.8</b>	<b>60,789.7</b>	<b>(91,992.1)</b>	<b>13,233.5</b>
<b>Total Higher Education</b>	<b>1,025,354.4</b>	<b>1,201,140.7</b>	<b>1,081,781.3</b>	<b>(119,359.34)</b>	<b>56,426.93</b>
<b>Dollar Change from Prior Year</b>		<b>175,786.3</b>	<b>56,426.9</b>		
<b>Percent change from Prior Year</b>		<b>17.1%</b>	<b>5.5%</b>		

## Higher Education Institutional Detail

	Institution / Program (detail listed primarily in HB2 order, in thousands)	FY23 Opbud	FY24 HED Rec	FY24 LFC Rec	LFC Over/Under Opbud
1	<b>UNIVERSITY OF NEW MEXICO</b>				
2	<b>Instruction and general purposes</b>	222,243.1	234,132.9	229,235.5	6,992.4
3	Athletics	6,748.0	6,748.0	6,748.0	0.0
4	Educational television and public radio	1,051.8	1,176.8	1,051.8	0.0
5	Categorical - NM tribal education initiatives	1,050.0	1,050.0	1,050.0	0.0
6	Categorical - NM teacher pipeline initiatives	100.0	100.0	100.0	0.0
7	<b>Gallup Branch - I&amp;G</b>	9,682.8	9,929.5	9,910.9	228.1
8	Categorical - NM tribal education initiatives	100.0	100.0	100.0	0.0
9	<b>Los Alamos Branch - I&amp;G</b>	2,121.2	2,199.9	2,181.5	60.3
10	<b>Valencia Branch - I&amp;G</b>	6,418.0	6,609.1	6,583.4	165.4
11	<b>Taos Branch - I&amp;G</b>	4,265.4	4,396.0	4,375.4	110.0
12	<b>Research and Public Service Projects</b>				
13	Graduation reality and dual role skills program	150.0	150.0	150.0	0.0
14	American Indian summer bridge program	250.0	250.0	250.0	0.0
15	Economics department	125.0	125.0	125.0	0.0
16	Veterans student services	228.0	228.0	228.0	0.0
17	Judicial education center	372.3	372.3	0.0	(372.3)
18	Judicial selection	50.1	50.1	50.1	0.0
19	Ibero-American education	82.3	82.3	82.3	0.0
20	Manufacturing engineering program	517.0	517.0	517.0	0.0
21	Wildlife law education	91.2	91.2	91.2	0.0
22	Native American studies	252.9	252.9	252.9	0.0
23	Chicano studies - undergraduate and graduate student internships	588.4	638.4	588.4	0.0
24	African American student services	173.1	250.0	173.1	0.0
25	Africana studies	288.0	288.0	288.0	0.0
26	Morrissey hall programs and other discontinued	14.0	0.0	0.0	(14.0)
27	Disabled student services	160.6	200.0	160.6	0.0
28	Minority student services- (Moved ENLACE Companeros HSC)	1,004.3	950.6	950.6	(53.7)
29	Community-based education	523.1	523.1	523.1	0.0
30	Corrine Wolf children's law center	159.6	159.6	159.6	0.0
31	Student mentoring program	162.3	162.3	162.3	0.0
32	Southwest research center	773.9	773.9	773.9	0.0
33	Substance abuse program	68.6	68.6	68.6	0.0
34	Resource geographic information system	62.3	62.3	62.3	0.0
35	Southwest Indian law clinic	196.1	196.1	196.1	0.0
36	Student mentoring program-Law (Moved to HSC FY24)	105.1	0.0	0.0	(105.1)
37	Geospatial and population studies/bureau of business and economic research	370.4	470.4	370.4	0.0
38	New Mexico historical review	43.6	43.6	43.6	0.0
39	Uttom transboundary resources center	415.3	415.3	415.3	0.0
40	Land grant studies	121.6	121.6	121.6	0.0
41	UNM press	445.6	445.6	445.6	0.0
42	UNM mock trial	411.6	411.6	411.6	0.0
43	Natural heritage New Mexico database	50.0	50.0	50.0	0.0
44	Bioscience Authority (moved from HSC for FY24)	0.0	500.0	297.4	297.4
45	Asian American Pacific Islander Resource Center	0.0	250.0	0.0	0.0
46	Early Math Success & Retention	0.0	697.0	0.0	0.0
47	Peer Learning Facilitators	0.0	179.5	0.0	0.0
48	Open Educational Resources Pilot Project	0.0	148.9	0.0	0.0
49	School of Public Administration	0.0	700.0	100.0	100.0
50	Substance use workforce expansion	0.0	300.0	0.0	0.0
51	Center for Fire Resilient Ecosystems	0.0	200.0	0.0	0.0
52	Indigenous Design & Planning Institute	130.0	130.0	130.0	0.0
53	Border Justice Initiative	180.0	180.0	180.0	0.0
54	ROTC	50.0	50.0	50.0	0.0
55	Wild friends	75.0	75.0	75.0	0.0
56	Teacher education at branch colleges	60.0	60.0	60.0	0.0
57	Gallup - workforce development programs	182.4	182.4	182.4	0.0
58	Gallup - nurse expansion	180.6	503.5	503.5	322.9
59	Valencia - nurse expansion	146.5	582.0	427.2	280.7
60	Taos- Workforce development	150.0	150.0	150.0	0.0
61	Taos - nurse expansion	210.4	1,157.7	884.6	674.2
62	<b>Total UNM RPSPs</b>	9,621.2	14,395.8	10,751.3	1,130.1
63	<b>Total UNM</b>	263,401.5	280,838.0	272,087.8	8,686.3
64					
65	<b>UNM HEALTH SCIENCES CENTER</b>				
66	<b>Instruction and general purposes</b>	74,937.3	78,684.2	77,847.2	2,909.9

	Institution / Program (detail listed primarily in HB2 order, in thousands)	FY23 Opbud	FY24 HED Rec	FY24 LFC Rec	LFC Over/Under Opbud	
67	<b>Research and Public Service Projects</b>					67
68	Office of diversity, equity and inclusion	175.6	225.6	175.6	0.0	68
69	ENLACE	812.2	865.9	865.9	53.7	69
70	Student mentoring program- Law (moved from main FY24)	0.0	105.1	105.1	105.1	70
71	Comprehensive movement disorders	409.7	409.7	409.7	0.0	71
72	BA/MD Program	0.0	960.0	0.0	0.0	72
73	Bioscience Authority (moved to Main for FY24)	297.4	0.0	0.0	(297.4)	73
74	Accelerated BSN	0.0	1,500.0	1,174.1	1,174.1	74
75	Native American Health Student Success	60.0	60.0	60.0	0.0	75
76	OMI grief services	312.5	312.5	312.5	0.0	76
77	Physician assistant program & nurse practitioners	2,000.0	2,850.0	2,650.0	650.0	77
78	Child abuse evaluation services (para los ninos)	147.0	185.0	147.0	0.0	78
79	Undergraduate nurse expansion	951.6	951.6	951.6	0.0	79
80	Graduate nurse education	1,653.1	1,653.1	1,653.1	0.0	80
81	Native American health center	252.1	312.1	312.1	60.0	81
82	Native American suicide prevention (honoring Native life)	90.2	90.2	90.2	0.0	82
83	Office of medical investigator	6,775.4	9,840.8	9,840.8	3,065.4	83
84	Children's psychiatric hospital	8,927.7	8,927.7	8,927.7	0.0	84
85	Carrie Tingley hospital	6,957.8	6,957.8	7,084.4	126.6	85
86	Minority student services	166.8	166.8	166.8	0.0	86
87	Newborn intensive care	3,217.3	3,217.3	3,217.3	0.0	87
88	Pediatric oncology	1,255.9	1,255.9	1,255.9	0.0	88
89	Poison and drug information center	1,748.6	2,481.6	1,891.4	142.8	89
90	Cancer center	6,313.3	6,313.3	6,355.9	42.6	90
91	Hepatitis community health outcomes (ECHO)	6,145.3	6,145.3	6,145.3	0.0	91
92	Graduate medical education/residencies	2,120.9	2,243.7	2,243.7	122.8	92
93	<b>Total HSC RPSPs</b>	<b>50,790.4</b>	<b>58,031.0</b>	<b>56,036.1</b>	<b>5,245.7</b>	93
94	<b>Total HSC</b>	<b>125,727.7</b>	<b>136,715.2</b>	<b>133,883.3</b>	<b>8,155.6</b>	94
95	<b>Total UNM and HSC</b>	<b>389,129.2</b>	<b>417,553.2</b>	<b>405,971.1</b>	<b>16,841.9</b>	95
96						96
97	<b>NEW MEXICO STATE UNIVERSITY</b>					97
98	<b>Instruction and general purposes</b>	<b>139,535.7</b>	<b>147,419.0</b>	<b>144,235.1</b>	<b>4,699.4</b>	98
99	Athletics	6,001.7	6,001.7	6,001.7	0.0	99
100	Educational television and public radio	1,174.2	1,449.2	1,174.2	0.0	100
101	Categorical - NM tribal education initiatives MAIN	200.0	200.0	200.0	0.0	101
102	Categorical - NM teacher pipeline initiatives	250.0	250.0	250.0	0.0	102
103	<b>Alamogordo Branch - Instruction and general purposes</b>	<b>8,073.9</b>	<b>8,202.1</b>	<b>8,231.8</b>	<b>157.9</b>	103
104	<b>Dona Ana Branch - Instruction and general purposes</b>	<b>26,244.2</b>	<b>27,321.9</b>	<b>26,954.2</b>	<b>710.0</b>	104
105	<b>Grants Branch - Instruction and general purposes</b>	<b>3,953.2</b>	<b>4,027.2</b>	<b>4,031.7</b>	<b>78.5</b>	105
106	Categorical - NM tribal education initiatives GRANTS	100.0	100.0	100.0	0.0	106
107	Department of Agriculture	14,066.7	16,088.5	14,477.3	410.6	107
108	Agricultural Experiment Station (AES)	17,462.0	18,227.0	17,953.6	491.6	108
109	Cooperative Extension Service (CES)	15,095.6	15,665.6	15,537.2	441.6	109
110	<b>Research &amp; Public Service Projects:</b>					110
111	Center of excellence sustainable ag	320.0	500.0	500.0	180.0	111
112	STEM alliance for minority participation	357.9	357.9	357.9	0.0	112
113	Anna age eight institute	2,077.0	2,250.0	2,077.0	0.0	113
114	Mental health nurse practitioner	940.0	1,315.0	1,315.0	375.0	114
115	Indian resources development	265.9	265.9	265.9	0.0	115
116	Manufacturing sector development program	647.8	647.8	647.8	0.0	116
117	Arrowhead center for business development	355.1	355.1	355.1	0.0	117
118	Nurse expansion	846.2	1,981.2	1,981.2	1,135.0	118
119	Alliance teaching & learning advancement	211.4	211.4	211.4	0.0	119
120	Water resource research institute	1,141.3	1,141.3	1,141.3	0.0	120
121	College assistance migrant program	297.9	297.9	297.9	0.0	121
122	Autism program	730.9	900.0	900.0	169.1	122
123	Sunspot solar observatory consortium	367.5	367.5	367.5	0.0	123
124	Produced Water Consortium	130.0	130.0	130.0	0.0	124
125	STEM Career Path	100.0	100.0	100.0	0.0	125
126	Nurse Anesthesiology	0.0	500.0	500.0	500.0	126
127	Dona Ana - Dental hygiene program	329.0	379.0	379.0	50.0	127
128	Dona Ana - Nurse expansion	275.9	1,028.9	928.9	653.0	128
129	Dona Ana-Clinical administrator	50.0	50.0	50.0	-	129
130	Grants- Nursing Development	100.0	100.0	100.0	0.0	130
131	Grants - Veterans services	45.6	45.6	45.6	0.0	131
132	<b>Total NMSU RPSPs</b>	<b>9,589.4</b>	<b>12,924.5</b>	<b>12,651.5</b>	<b>3,062.1</b>	132
133	<b>Total NMSU</b>	<b>241,746.6</b>	<b>257,876.7</b>	<b>251,798.5</b>	<b>10,051.9</b>	133
134						134
135	<b>NEW MEXICO HIGHLANDS UNIVERSITY</b>					135
136	<b>Instruction and general purposes</b>	<b>32,697.5</b>	<b>34,219.2</b>	<b>33,619.2</b>	<b>921.7</b>	136

	Institution / Program (detail listed primarily in HB2 order, in thousands)	FY23 Opbud	FY24 HED Rec	FY24 LFC Rec	LFC Over/Under Opbud	
137	Athletics	2,533.7	2,533.7	2,533.7	0.0	137
138	Categorical - NM tribal education initiatives	200.0	200.0	200.0	0.0	138
139	Categorical - NM teacher pipeline initiatives	250.0	250.0	250.0	0.0	139
140	<b>Research &amp; Public Service Projects:</b>					140
141	Center of excellence in social work, mental and behavioral health	250.0	500.0	500.0	250.0	141
142	Improve retention and completion of underserved students	50.0	50.0	50.0	0.0	142
143	Doctor of nurse practitioner	155.3	155.3	155.3	0.0	143
144	Center for professional development & career readiness	164.2	164.2	164.2	0.0	144
145	Acequia and land grant education	46.5	46.5	46.5	0.0	145
146	Native American social work institute	216.5	225.0	225.0	8.5	146
147	Advanced placement	199.7	199.7	199.7	0.0	147
148	Minority student services	503.7	503.7	503.7	0.0	148
149	Forest and watershed institute	434.8	524.6	524.6	89.8	149
150	Social work grant funds	125.0	125.0	125.0	0.0	150
151	Nurse expansion	212.6	212.6	212.6	0.0	151
152	<b>Total NMHU RPSPs</b>	<b>2,358.3</b>	<b>2,706.6</b>	<b>2,706.6</b>	<b>348.3</b>	152
153	<b>Total NMHU</b>	<b>38,039.5</b>	<b>39,909.5</b>	<b>39,309.5</b>	<b>1,270.0</b>	153
154						154
155	<b>WESTERN NEW MEXICO UNIVERSITY</b>					155
156	<b>Instruction and general purposes</b>	<b>22,754.2</b>	<b>24,034.7</b>	<b>23,958.5</b>	<b>1,204.3</b>	156
157	Athletics	2,512.8	2,512.8	2,512.8	0.0	157
158	Categorical - NM teacher pipeline initiatives	250.0	250.0	250.0	0.0	158
159	<b>Research &amp; Public Service Projects:</b>					159
160	Early childhood center of excellence	250.0	500.0	500.0	250.0	160
161	FY22 - Deming campus I&G	0.0	0.0	0.0	0.0	161
162	Nursing expansion (T or C)	282.0	282.0	282.0	0.0	162
163	Instructional television	66.0	66.0	66.0	0.0	163
164	Pharmacy and phlebotomy programs	91.2	98.0	98.0	6.8	164
165	Web-based teacher licensure	117.8	117.8	117.8	0.0	165
166	Child development center	292.8	400.0	292.8	0.0	166
167	Nurse expansion	900.3	1,993.6	1,550.3	650.0	167
168	Early childhood mental health	150.0	150.0	150.0	0.0	168
169	Student success center	0.0	200.0	0.0	0.0	169
170	Veterans center	0.0	100.0	100.0	100.0	170
171	<b>Total WNMU RPSPs</b>	<b>2,150.1</b>	<b>3,907.4</b>	<b>3,156.9</b>	<b>1,006.8</b>	171
172	<b>Total WNMU</b>	<b>27,667.1</b>	<b>30,704.9</b>	<b>29,878.2</b>	<b>2,211.1</b>	172
173						173
174	<b>EASTERN NEW MEXICO UNIVERSITY</b>					174
175	<b>Instruction and general purposes</b>	<b>36,273.4</b>	<b>38,653.7</b>	<b>37,923.5</b>	<b>1,650.1</b>	175
176	Athletics	2,723.8	2,723.8	2,723.8	0.0	176
177	Educational television	1,088.5	1,113.7	1,088.5	0.0	177
178	Categorical - NM teacher pipeline initiatives	250.0	250.0	250.0	0.0	178
179	<b>Roswell Branch - Instruction and general purposes</b>	<b>13,246.7</b>	<b>13,576.4</b>	<b>13,543.5</b>	<b>296.8</b>	179
180	<b>Ruidoso Branch - Instruction and general purposes</b>	<b>2,237.2</b>	<b>2,304.4</b>	<b>2,294.8</b>	<b>57.6</b>	180
181	<b>Research &amp; Public Service Projects:</b>					181
182	Blackwater draw site and museum	87.8	90.1	87.8	0.0	182
183	Student success programs	380.2	399.2	399.2	19.0	183
184	Nurse expansion	308.3	323.7	323.7	15.4	184
185	At-risk student tutoring	204.8	215.0	215.0	10.2	185
186	Allied health	129.8	136.3	136.3	6.5	186
187	Literacy Assessment	0.0	100.0	0.0	0.0	187
188	ENMU Portales - Teacher ed free tuition	182.4	191.5	182.4	0.0	188
189	ENMU Portales - Greyhound promise free tuition	91.2	95.8	91.2	0.0	189
190	Roswell branch - Nurse expansion	332.2	350.0	350.0	17.8	190
191	Roswell branch - Airframe mechanics	68.5	90.0	68.5	0.0	191
192	Roswell branch - Special services program	108.1	120.0	108.1	0.0	192
193	Roswell branch - Veterans Center	0.0	60.0	60.0	60.0	193
194	Roswell branch - Youth challenge	91.2	91.2	91.2	0.0	194
195	Ruidoso branch - Nursing program	178.6	178.6	178.6	0.0	195
196	<b>Total EWNMU RPSPs</b>	<b>2,163.1</b>	<b>2,441.4</b>	<b>2,292.0</b>	<b>128.9</b>	196
197	<b>Total ENMU</b>	<b>57,982.7</b>	<b>61,063.4</b>	<b>60,116.0</b>	<b>2,133.3</b>	197
198						198
199	<b>NEW MEXICO INSTITUTE OF MINING &amp; TECHNOLOGY</b>					199
200	<b>Instruction and general purposes</b>	<b>32,904.9</b>	<b>34,849.6</b>	<b>33,951.8</b>	<b>1,046.9</b>	200
201	Bureau of mine safety	515.6	520.5	515.6	0.0	201
202	Bureau of geology and mineral resources	4,453.8	5,816.0	4,453.8	0.0	202
203	Petroleum recovery and research center	1,817.5	1,817.5	1,917.5	100.0	203
204	Geophysical research center	1,252.0	1,252.0	1,402.0	150.0	204
205	Categorical - NM teacher pipeline initiatives	50.0	50.0	50.0	0.0	205
206	<b>Research &amp; Public Service Projects:</b>					206

	Institution / Program (detail listed primarily in HB2 order, in thousands)	FY23 Opbud	FY24 HED Rec	FY24 LFC Rec	LFC Over/Under Opbud	
207	NM MESA (move from HED)	1,088.7	1,088.7	1,088.7	0.0	207
208	Cybersecurity center of excellence	433.4	500.0	500.0	66.6	208
209	Rural economic development	32.8	42.8	32.8	0.0	209
210	Chemical engineering student assistanceships	199.3	199.3	199.3	0.0	210
211	Science and engineering fair	198.2	201.0	198.2	0.0	211
212	Energetic materials research center	857.8	1,000.0	1,000.0	142.2	212
213	Institute for complex additive systems analysis	1,173.7	1,173.7	1,173.7	0.0	213
214	Cave and karst research	398.4	398.4	398.4	0.0	214
215	Homeland security center	510.9	510.9	510.9	100.0	215
216	<b>Total NMIMT RPSPs</b>	<b>4,893.2</b>	<b>5,114.8</b>	<b>5,202.0</b>	<b>308.8</b>	216
217	<b>Total NMIMT</b>	<b>45,887.0</b>	<b>49,420.4</b>	<b>47,492.7</b>	<b>1,605.7</b>	217
218						218
219	<b>NORTHERN NEW MEXICO COLLEGE</b>					219
220	<b>Instruction and general purposes</b>	<b>11,333.7</b>	<b>11,826.3</b>	<b>11,636.5</b>	<b>302.8</b>	220
221	Athletics	543.9	543.9	543.9	0.0	221
222	Categorical - NM teacher pipeline initiatives	250.0	250.0	250.0	0.0	222
223	<b>Research &amp; Public Service Projects:</b>					223
224	Native American student center	150.0	225.0	150.0	0.0	224
225	Academic program evaluation	45.6	45.6	45.6	0.0	225
226	Nurse expansion	376.0	947.0	947.0	571.0	226
227	STEM	125.2	125.2	125.2	0.0	227
228	Center for the Arts	0.0	0.0	200.0	200.0	228
229	Demonstration Farm	50.0	50.0	50.0	0.0	229
230	Arts, culture, and sustainable agriculture	50.0	50.0	50.0	0.0	230
231	Veterans center	120.2	120.2	120.2	0.0	231
232	<b>Total NNMC RPSPs</b>	<b>917.0</b>	<b>1,563.0</b>	<b>1,688.0</b>	<b>771.0</b>	232
233	<b>Total NNMC</b>	<b>13,044.6</b>	<b>14,183.2</b>	<b>14,118.4</b>	<b>1,073.8</b>	233
234						234
235	<b>SANTA FE COMMUNITY COLLEGE</b>					235
236	<b>Instruction and general purposes</b>	<b>12,075.4</b>	<b>12,506.2</b>	<b>12,482.7</b>	<b>407.3</b>	236
237	<b>Research &amp; Public Service Projects:</b>					237
238	Teacher education expansion	136.8	150.0	136.8	0.0	238
239	EMS mental health resiliency pilot	91.2	91.2	91.2	0.0	239
240	First born, home visiting training & technical assistance	235.0	890.0	435.0	200.0	240
241	Nurse expansion	439.4	439.4	439.4	0.0	241
242	Small business development centers	4,124.7	4,124.7	4,124.7	0.0	242
243	Employment boot camps	60.0	60.0	60.0	-	243
244	<b>Total SFCC</b>	<b>17,162.5</b>	<b>18,261.5</b>	<b>17,769.8</b>	<b>607.3</b>	244
245						245
246	<b>CENTRAL NM COMMUNITY COLLEGE</b>					246
247	<b>Instruction and general purposes</b>	<b>69,215.7</b>	<b>72,828.1</b>	<b>71,403.1</b>	<b>2,187.4</b>	247
248	<b>Research &amp; Public Service Projects:</b>					248
249	Nurse expansion	268.8	1,400.0	1,400.0	1,131.2	249
250	Workforce Development	70.0	172.5	70.0	0.0	250
251	Wellness	0.0	325.0	0.0	0.0	251
252	<b>Total CNM</b>	<b>69,554.5</b>	<b>74,725.6</b>	<b>72,873.1</b>	<b>3,318.6</b>	252
253						253
254	<b>LUNA COMMUNITY COLLEGE</b>					254
255	<b>Instruction and general purposes</b>	<b>7,437.3</b>	<b>7,549.3</b>	<b>7,589.6</b>	<b>152.3</b>	255
256	Athletics	479.7	479.7	479.7	0.0	256
257	<b>Research &amp; Public Service Projects:</b>					257
258	Rough rider student support services	150.0	200.0	150.0	0.0	258
259	Fire Resiliency	0.0	150.0	75.0	75.0	259
260	Nurse expansion	251.0	267.0	267.0	16.0	260
261	Student retention and completion	483.8	550.0	483.8	0.0	261
262	Year-round mentorship	100.0	100.0	100.0	-	262
263	<b>Total LCC</b>	<b>8,901.8</b>	<b>9,296.0</b>	<b>9,145.1</b>	<b>243.3</b>	263
264						264
265	<b>MESALANDS COMMUNITY COLLEGE</b>					265
266	<b>Instruction and general purposes</b>	<b>4,570.1</b>	<b>4,716.2</b>	<b>4,677.1</b>	<b>107.0</b>	266
267	Athletics	212.8	212.8	212.8	0.0	267
268	<b>Research &amp; Public Service Projects:</b>					268
269	Nursing Program	0.0	480.7	0.0	0.0	269
270	Wind training center	105.0	105.0	115.0	10.0	270
271	<b>Total MCC</b>	<b>4,887.9</b>	<b>5,514.7</b>	<b>5,004.9</b>	<b>117.0</b>	271
272						272
273	<b>NEW MEXICO JUNIOR COLLEGE</b>					273
274	<b>Instruction and general purposes</b>	<b>6,632.1</b>	<b>6,909.3</b>	<b>6,874.3</b>	<b>242.2</b>	274
275	Athletics	558.6	558.6	558.6	0.0	275
276	<b>Research &amp; Public Service Projects:</b>					276

	Institution / Program (detail listed primarily in HB2 order, in thousands)	FY23 Opbud	FY24 HED Rec	FY24 LFC Rec	LFC Over/Under Opbud	
277	Oil and gas management program	156.2	156.2	156.2	0.0	277
278	Nurse expansion	281.9	2,222.1	581.9	300.0	278
279	Lea county distance education consortium	26.6	26.6	26.6	0.0	279
280	Student support services	150.0	150.0	150.0	-	280
281	<b>Total NMJC</b>	<b>7,805.4</b>	<b>10,022.8</b>	<b>8,347.6</b>	<b>542.2</b>	281
282						282
283	<b>SOUTHEAST NEW MEXICO COLLEGE</b>					283
284	<b>Instruction and general purposes</b>	<b>4,666.5</b>	<b>4,834.4</b>	<b>4,804.2</b>	<b>137.7</b>	284
285	Manufacturing sector development program	223.8	223.8	223.8	0.0	285
286	Nurse expansion	102.4	398.6	398.6	296.2	286
287	<b>Total SENMC</b>	<b>4,992.7</b>	<b>5,456.8</b>	<b>5,426.6</b>	<b>433.9</b>	287
288						288
289	<b>SAN JUAN COLLEGE</b>					289
290	<b>Instruction and general purposes</b>	<b>27,395.4</b>	<b>28,372.6</b>	<b>28,148.7</b>	<b>753.3</b>	290
291	Categorical - NM tribal education initiatives	100.0	100.0	100.0	0.0	291
292	<b>Research &amp; Public Service Projects:</b>					292
293	Center for excellence - renewable energy	328.0	500.0	500.0	172.0	293
294	Dental hygiene program	159.6	175.0	175.0	15.4	294
295	Teacher Education	0.0	275.0	0.0	0.0	295
296	Food hub	150.0	150.0	150.0	0.0	296
297	Health center personnel	60.0	60.0	60.0	0.0	297
298	Nurse expansion	235.0	1,116.0	1,116.0	881.0	298
299	<b>Total SJC</b>	<b>28,428.0</b>	<b>30,748.6</b>	<b>30,249.7</b>	<b>1,821.7</b>	299
300						300
301	<b>CLOVIS COMMUNITY COLLEGE</b>					301
302	<b>Instruction and general purposes</b>	<b>11,072.4</b>	<b>11,484.6</b>	<b>11,353.4</b>	<b>281.0</b>	302
303	HVAC program	100.0	100.0	100.0	0.0	303
304	Nurse expansion	356.5	356.5	356.5	0.0	304
305	Welding faculty	180.0	180.0	180.0	-	305
306	<b>Total CCC</b>	<b>11,708.9</b>	<b>12,121.1</b>	<b>11,989.9</b>	<b>281.0</b>	306
307						307
308	<b>NEW MEXICO MILITARY INSTITUTE</b>					308
309	<b>Instruction and general purposes</b>	<b>2,428.4</b>	<b>2,604.8</b>	<b>2,604.8</b>	<b>176.4</b>	309
310	Athletics	327.7	327.7	327.7	0.0	310
311	Knowles legislative scholarship program	1,353.7	1,353.7	1,353.7	0.0	311
312	<b>Total NMMI</b>	<b>4,109.8</b>	<b>4,286.2</b>	<b>4,286.2</b>	<b>176.4</b>	312
313						313
314	<b>NM SCHOOL FOR BLIND &amp; VISUALLY IMPAIRED</b>					314
315	<b>Instruction and general purposes</b>	<b>1,509.5</b>	<b>1,686.4</b>	<b>1,686.4</b>	<b>176.9</b>	315
316	Early childhood center	340.2	361.9	361.9	21.7	316
317	Low vision clinic programs	104.4	111.1	111.1	6.7	317
318	<b>Total NMSBVI</b>	<b>1,954.1</b>	<b>2,159.4</b>	<b>2,159.4</b>	<b>205.3</b>	318
319						319
320	<b>NM SCHOOL FOR THE DEAF</b>					320
321	<b>Instruction and general purposes</b>	<b>4,580.2</b>	<b>4,839.2</b>	<b>4,839.2</b>	<b>259.0</b>	321
322	Statewide outreach services	215.7	215.7	215.7	0.0	322
323	<b>Total NMSD</b>	<b>4,795.9</b>	<b>5,054.9</b>	<b>5,054.9</b>	<b>259.0</b>	323
324						324
325						325
326	UNIVERSITY OF NEW MEXICO (952)	263,401.5	280,838.0	272,087.8	8,686.3	326
327	UNM HEALTH SCIENCES CENTER (952)	125,727.7	136,715.2	133,883.3	8,155.6	327
328	NEW MEXICO STATE UNIVERSITY	241,746.6	257,876.7	251,798.5	10,051.9	328
329	NEW MEXICO HIGHLANDS UNIVERSITY	38,039.5	39,909.5	39,309.5	1,270.0	329
330	WESTERN NEW MEXICO UNIVERSITY	27,667.1	30,704.9	29,878.2	2,211.1	330
331	EASTERN NEW MEXICO UNIVERSITY	57,982.7	61,063.4	60,116.0	2,133.3	331
332	NEW MEXICO INSTITUTE OF MINING & TECHNOLOGY	45,887.0	49,420.4	47,492.7	1,605.7	332
333	NORTHERN NEW MEXICO COLLEGE	13,044.6	14,183.2	14,118.4	1,073.8	333
334	SANTA FE COMMUNITY COLLEGE	17,162.5	18,261.5	17,769.8	607.3	334
335	CENTRAL NM COMMUNITY COLLEGE	69,554.5	74,725.6	72,873.1	3,318.6	335
336	LUNA COMMUNITY COLLEGE	8,901.8	9,296.0	9,145.1	243.3	336
337	MESALANDS COMMUNITY COLLEGE	4,887.9	5,514.7	5,004.9	117.0	337
338	NEW MEXICO JUNIOR COLLEGE	7,805.4	10,022.8	8,347.6	542.2	338
339	SOUTHEAST NEW MEXICO COLLEGE	4,992.7	5,456.8	5,426.6	433.9	339
340	SAN JUAN COLLEGE	28,428.0	30,748.6	30,249.7	1,821.7	340
341	CLOVIS COMMUNITY COLLEGE	11,708.9	12,121.1	11,989.9	281.0	341
342	<b>Subtotal- Universities and Community Colleges</b>	<b>966,938.4</b>	<b>1,036,858.4</b>	<b>1,009,491.2</b>	<b>42,552.8</b>	342
343	NEW MEXICO MILITARY INSTITUTE	4,109.8	4,286.2	4,286.2	176.4	343
344	NM SCHOOL FOR BLIND & VISUALLY IMPAIRED	1,954.1	2,159.4	2,159.4	205.3	344
345	NM SCHOOL FOR THE DEAF	4,795.9	5,054.9	5,054.9	259.0	345



Institution / Program (detail listed primarily in HB2 order, in thousands)	FY23 Opbud	FY24 HED Rec	FY24 LFC Rec	LFC Over/Under Opbud
<b>Subtotal- Special schools</b>	<b>10,859.8</b>	<b>11,500.5</b>	<b>11,500.5</b>	<b>640.7</b>
Higher Education Department	47,556.2	152,781.8	60,789.7	13,233.5
<b>Grand Total HEIs and Special Schools</b>	<b>1,025,354.4</b>	<b>1,201,140.7</b>	<b>1,081,781.3</b>	<b>56,426.9</b>
<b>Summary by Major Function</b>				
University I&G	497,742.5	525,135.4	514,560.2	16,817.65
Community College I&G	219,307.5	227,767.2	225,440.3	6,132.83
UNM/HSC I&G	74,937.3	78,684.2	77,847.2	2,909.89
Special Schools I&G	8,518.1	9,130.4	9,130.4	612.30
Athletics	22,642.7	22,642.7	22,642.7	-
Educational Television	3,380.5	3,805.7	3,380.5	-
Tribal Education	1,750.0	1,750.0	1,750.0	-
Teacher Education	4,131.9	5,226.2	4,362.1	230.20
Student Services	6,140.1	7,136.8	6,329.3	189.20
Health Care Workforce	7,892.9	13,012.8	9,912.6	2,019.70
Nurse Expansion Backfill	6,831.0	15,946.6	14,649.6	7,818.56
Center of Excellence	1,581.4	2,500.0	2,500.0	918.60
Other RPSP	122,942.3	135,620.9	128,486.8	5,544.53
Higher Ed Department	14,476.7	18,250.3	14,710.2	233.48
HED- Flow through	21,079.5	34,531.5	24,079.5	3,000.00
HED- Opportunity Scholarship	12,000.0	100,000.0	22,000.0	10,000.00
<b>Grand Total Higher Education</b>	<b>1,025,354.4</b>	<b>1,201,140.7</b>	<b>1,081,781.3</b>	<b>56,426.9</b>



**At A Glance**

The Legislature recognizes the importance of higher education to the health and has prosperity of citizens, and prioritized funding increases to higher education institutions (HEI) despite significant enrollment declines over the past decade. This past year, the higher education subcommittee of LFC discussed the challenges and opportunities facing New Mexico HEIs. The group focused on improving student success both in degree completion and in workforce participation, identifying critical workforce shortage areas in the state, and balancing the need for additional programming with the decline in enrollment.

For FY24, the committee recommendation provides a 1 percent increase to the funding formula and an additional 2 percent in nonformula instruction and general funding (I&G) increases for pension contribution increases, special faculty compensation, and student support services. An additional \$16.7 million is included for research and public service projects, with over half of this amount targeted to healthcare practitioner training. The overall recommendation increases higher education appropriations by \$56.4 million, or 5.5 percent.

**Budget Issues**

Higher education institutions (HEI) play an integral role in the state's economic development by providing New Mexicans with the education and training they need to compete and succeed in the labor market. As such, a primary focus of the states' higher education system should be on meeting the critical labor needs in the state. During the 2022 session, the Legislature worked with HEIs to direct significant nonrecurring funding to endowment funds for individual colleges to support faculty expansion in the areas of teacher education, nursing, and social work.

The Legislature has further prioritized spending in science, technology, engineering, mathematics, and healthcare (STEM-H) programs to help New Mexicans develop the skills needed to lead them into high-wage careers. The higher education funding formula, which allocates new money based on performance, provides additional weight to degrees in the STEM-H field. Nonrecurring funding has also been appropriated specifically to allow New Mexico higher education institutions to match federal grant awards for science and technology projects.

These investments are a way of using one-time proceeds from oil and gas production to create long-term stability for high-demand education. In addition, the Legislature made significant increases in the base budgets of colleges, as well as in funding for research and public service projects (RPSP) and compensation. These significant investments came despite a decade-long fall in college enrollments.

Full-time equivalent student enrollment fell by 27 percent over the past 10 years. However, FTE enrollment for fall 2022 increased by 2.8 percent between fall 2021 and fall 2022, the first enrollment increase since 2011. On a headcount basis, enrollment increased by approximately 4,000 students, or 4.1 percent. The increase is encouraging, but overall enrollment remains well below its 2011 peak, and while HEI projections anticipate steady growth, enrollment will likely remain 44 thousand students below the highs.

HEIs statewide noted a major driver in the overall decline in enrollments are student dropouts. Data show New Mexico students are much less likely than their national peers to remain enrolled and to graduate timely. The low retention and graduation rates are especially acute in the four-year sector, where New Mexico graduation rates significantly lag the national average. Many HEIs are attempting to improve student retention and graduation rates by offering support programs, including enhanced advisement, additional minority student services, mentoring, and mental health programs. Another possible reason for low retention and graduation rates is the financial cost of college, a factor addressed through the creation of the opportunity scholarship (see Higher Education Department) during the 2022 session and fully funding the legislative lottery scholarship.

**State Support.** The State Higher Education Executive Officers Association reports New Mexico has the fourth-highest rate of state support in the nation, behind only Wyoming, Illinois, and Alaska. The amount of state support is likely to increase significantly as spending for the opportunity scholarship is included. For FY22, state spending on higher education accounted for 10 percent of the general fund budget. Recurring appropriations to HEIs include three components: (1) annual appropriations to the I&G funding formula; (2) direct appropriations to research and public service projects (RPSP); and (3) nonformula adjustments, including items like compensation and pension appropriations for faculty and staff.

The I&G base makes up the largest single portion of HEI budgets and receives the majority of state general fund appropriations. "New money" is appropriated to HEIs through the funding formula, which provides an allocation based primarily on credit hours delivered and number of degrees awarded. Because the funding formula is a base-plus mechanism that serves to grow, but not to reduce, the base budget, it does not make adjustments to reflect enrollment declines, which can lead to funding disparities among institutions. The University of New Mexico Health Sciences Center and special schools do not receive funding through the formula and their budget increases are calculated separately.

**FY24 I&G Recommendation.** Changes are made to the funding formula each year by a workgroup that includes HED and HEI staff, as well as LFC and Department of Finance and Administration staff. The Higher Education Subcommittee of LFC repeatedly raised concerns about the lack of workforce training programs in the funding formula. LFC staff worked with the partners in the funding formula working group and reached consensus on inclusion of workforce certificate awards for increased consideration in the funding formula. Additionally, certificates of academic progress, which do not lead directly to a job, were removed from consideration. Lastly, the group recommended increasing the weight of student credit hours and reducing the weights given for total awards and for STEM-H awards.

The increase in the weighting for credit hours comes at the expense of targeted award components of the formula. This is contrary to the general principal of shifting the formula from input measures to outcome measures. However, increasing the weight for workforce certificates and removal of academic progress certificates keeps with LFC priorities. Overall, the direction of the formula changes is positive, but more work remains to be done to better align funding to outcomes.

LFC recommends increasing the formula base by \$7.2 million, or 1 percent, while the Higher Education Department recommended an increase of \$35.9 million, or 5 percent. However, the LFC recommendation also includes \$7.7 million to pay for 85 percent of the I&G cost of a 1 percent pension contribution increase enacted in 2022, \$5 million for targeted faculty compensation at HELs, \$1 million for faculty compensation at the Health Sciences Center, \$2 million for student support services, and \$1 million to address per student funding equity at comprehensive universities. The inclusion of these items brings the LFC recommendation for the increase to the I&G base to \$24.3 million, or 3 percent.

The recommendation for I&G builds the increases for pension increases into the base budget based on the amount of payroll at each institution. The recommendation for targeted pay increases and student support are distributed to each institution based on its proportion of total I&G appropriations. The additional student support funding is to be used for a broad range of services designed to improve retention and graduation rates. Examples of these services include enhanced advisement, student tutoring and mentoring, and mental health supports. These funds are included as nonformula adjustments to the I&G base to give colleges and universities the maximum amount of flexibility in determining what interventions, new or existing, they would like to support.

LFC analysis shows Eastern New Mexico University and Western New Mexico University receive less funding per student than do their four-year comprehensive college peers, New Mexico Highlands University and Northern New Mexico College. The disparity in per student funding is primarily driven by enrollment losses at NMHU and NNMC, which increased per-student funding at those institutions to well over the research institution average funding per student. To help address the disparity, \$1 million was included in the recommendation and split, \$500 thousand each, between ENMU and WNMU.

Federal data show average New Mexico faculty salaries are \$77,805, significantly lower than the national average of \$90,271. New Mexico faculty pay is ranked 40th in the nation. The low average faculty salaries make it difficult to recruit and retain high-quality instructors to New Mexico institutions. The LFC recommendation recognizes this and allocates funding for targeted faculty salary increases to be determined at the discretion of the institutions.

**UNM Health Sciences Center.** The UNM Health Sciences Center does not receive funding through the funding formula. For FY24, HED recommended an increase of \$3.7 million, or 5 percent, commensurate with the increase for HELs statewide. The LFC recommendation included a base budget increase of \$749.4 thousand, or 1 percent but included \$1.1 million for a pension increase and \$1 million for targeted teaching faculty pay, bringing the total increase to \$2.8 million, or 3.7 percent.

**Special Schools.** Special schools include New Mexico Military Institute (NMMI), New Mexico School for the Deaf (NMSD), and New Mexico School for the Blind and Visually Impaired (NMBVI). Funding sources include general fund, land grant permanent fund, land maintenance fund, and some investments with the State Investment Council. Distributions from land grant permanent fund and land maintenance fund comprise 75 percent to 80 percent of each school's revenues. FY23 total appropriations included a 6 percent increase in I&G funding for the NMSD and NMMI and a 15 percent increase for I&G at the New Mexico School for the Blind and Visually Impaired. For FY24, special schools estimate 10 percent increases in transportation costs and the need for salary increases to match public school pay.

For FY24, the committee recommends a 6 percent increase in general fund appropriations to I&G for the New Mexico Military Institute, a 5.5 percent increase for New Mexico School for the Blind and Visually Impaired, and a 5 percent increase in general fund appropriations to I&G for New Mexico School for the Deaf. The committee also recommends an appropriation for instructional materials to each school. The increase covers salary and transportation costs and accounts for significant increases to each school's projected distribution in land grant permanent fund and land maintenance fund in FY24: \$2.2 million to NMMI, \$1.5 million to NMSBVI, and \$1.5 million to NMSD.

**Research and Public Service Projects.** Research and public service projects (RPSP) are line-item appropriations meant to fund educational programs and activities that do not fit in the I&G category. Funding to begin new programs is often requested through the RPSP process on a limited basis. For example, an institution may request funding to pay the first three years of a program's costs to allow time for the program to become self-sustaining through grants and tuition dollars. Both the number of and appropriations to RPSPs have grown significantly over the past decade, from 28 RPSPs for \$10 million in FY07 to 146 RPSPs with appropriations of \$134 million in FY21.

Oversight of these programs has been challenging. On November 1, 2022, the State Auditor released a special audit report on the University of New Mexico and the New Mexico Health Sciences Center related to misspending of RPSP funds. The report found "Part of the issue with many of these Research and Public Service Projects is that their budgets are well under the threshold for materiality for the annual audit, and these funds are not being scrutinized as well as they should be by the Higher Education Institutions and Higher Education Department, who have oversight over the

Research and Public Service Projects funds. This means that Research and Public Service Projects funding could be misappropriated for years, without the Higher Education Institution's knowledge."

The LFC recommendation reflects the concerns noted by the State Auditor and limits the number of new programs funded. The LFC recommendation prioritizes funding for programs in healthcare, workforce, and agriculture-related items. The LFC recommendation includes \$16.8 million in additional funding for RPSPs, an increase of 9.5 percent, with roughly half of this funding directed to healthcare-related projects. The Higher Education Department recommended an increase of \$30.4 million for RPSPs, or 17.1 percent, with approximately \$14 million of this amount directed to healthcare workforce initiatives. Both recommendations provided backfill for nonrecurring nurse expansion funds appropriated in FY23 and spent on recurring costs, such as faculty salaries.

**Nurse Expansion.** During the 2022 session, the Legislature provided \$15 million to increase nursing program capacity statewide. The Higher Education Department was tasked with distributing this funding to individual institutions and created an application process for agencies to apply for funding. HED allowed agencies to request both recurring and nonrecurring funding from this source and estimates approximately \$10 million of the \$15 million was used for recurring expenses. While the additional funding is necessary to expand nursing programs, data gathered from funding applications show gaps in the data provided, including on the number of additional student slots created, and wide disparities in funding recommendations among institutions.

For example, NMSU requested and received \$1.135 million for its nursing program, which graduated an average of 123 students per year over the past three years. Western New Mexico University requested and received \$1.093 million for a program graduating 24 students on average per year. NMSU projects adding an additional 22 student slots with the funding; WNMU anticipates 10.

The LFC recommendation grew funding for the programs significantly, though at a lower level than did HED. A number of programs requested, and HED recommended, funding to provide financial aid to students in the form of cost-of-living and travel subsidies. While LFC recognizes the importance of providing assistance to students, it should be considered on an equitable, statewide basis rather than determined at the individual institution level. LFC recommends an increase of \$7.8 million in nursing program backfill while HED requested \$9.1 million.

**I&G Revenue.** Instruction and general revenues are composed primarily of state appropriations, local government revenues, grants, and tuition and fees. In FY22, 48 percent of I&G revenue came from state appropriations, 26 percent came from tuition and fees, 19 percent from local property tax and permanent fund distributions, and the remainder coming from primarily grants and services.

**Tuition and Fees.** The amount of nongeneral fund revenue varies considerably by type of institution. Four-year institutions receive 34 percent of their total I&G revenue from tuition and fees, while two-year institutions receive 13 percent from this source. Therefore, the decline in enrollment has a larger impact on the finances of four-year research and comprehensive institutions than it does on two-year colleges. Tuition and fees are set by the governing boards of the various institutions and increases do not require approval of a statewide entity. Over the past five years, four-year institutions have raised their tuition and fees by an average of 5.8 percent per year, while two-year institutions have increased by 1.9 percent per year.

New Mexico's relatively rich financial aid package, including the lottery and opportunity scholarships, pays tuition and fees assessed to students. In effect, these revenues are becoming another state spending obligation. However, the scholarship programs do not guarantee full payment of tuition and fees, so any of the amount of tuition costs over the appropriated scholarship amounts will fall on the student. This preserves appropriations authority but confuses policy; New Mexico students are promised tuition-free higher education, but whether this promise can be kept, changes based on availability of funding and HEI tuition policy.

**Other Revenue.** Two-year colleges receive 45 percent of their I&G revenue through local property tax revenue while four-year institutions are prohibited from receiving funding through this mechanism. Similarly, four-year institutions and special schools receive a distribution from the land grant permanent fund, accounting for approximately 3 percent of their revenue. The amount of revenue received from these sources may vary significantly by institution. For example, local property tax at New Mexico Junior College in Hobbs accounted for \$93.5 million in FY22, approximately \$73 thousand per full-time student, and Southeast New Mexico College in Carlsbad received \$19 million, or \$32 thousand per student. The statewide average mill levy revenue per student excluding these two institutions was approximately \$4 thousand per student.

**Persistence and Completion.** Students in New Mexico are more likely to begin college, but less likely to complete. Despite high college-going rates, the proportion of the workforce with a bachelor's degree ranks 39th in the nation, pointing to challenges in student retention. Data show persistence of students at two-year colleges is roughly the same as the U.S. average, but students at four-year institutions are much less likely to persist. Part-time students are significantly less likely than full-time students to persist from one semester to the next. Additionally, completion rates for New Mexico students significantly lag the national average, particularly for bachelor's degrees.

**Enrollment Outlook.** Already low enrollment will be compounded by low birth rates. Demographic trends suggest New Mexico's falling birth rates will lead to falling 12th grade enrollment by FY25. The reduction in public school participation will further challenge higher education institutions to

increase their populations. Based on the projections reviewed by the subcommittee, HEIs anticipate an increase of 7.2 percent on average by FY25, and a 10 percent increase by fall 2027. Even if each HEI reached the projected target, the total HEI enrollment would be 44 thousand less than the all-time highs experienced by each HEI.

**Performance.** Higher education institutions report on a wide range of performance measures. The subset of performance measures recommended for inclusion in the General Appropriation Act appear in this volume, while a full list of measures is available in electronic format on the LFC website.

### Recommended Language

**For the Higher Education Subsection:** On approval of the higher education department, the state budget division of the department of finance and administration may approve increases in budgets of agencies in this subsection whose other state funds exceed amounts specified, with the exception of the policy development and institutional financial oversight program of the higher education department. In approving budget increases, the director of the state budget division shall advise the legislature through its officers and appropriate committees, in writing, of the justification for the approval.

On approval of the higher education department and in consultation with the legislative finance committee, the state budget division of the department of finance and administration may reduce general fund appropriations, up to three percent, to institutions whose lower level common courses are not completely transferrable or accepted among public colleges and universities in New Mexico.

The secretary of higher education shall work with institutions whose enrollment has declined by more than fifty percent within the past five academic years on a plan to improve enrollment, collaborate or merge with other institutions, and reduce expenditures accordingly and submit an annual report to the legislative finance committee.

The department of finance and administration shall, as directed by the secretary of higher education, withhold from an educational institution or program that the higher education department places under an enhanced fiscal oversight program a portion, up to ten percent, of the institution's or program's general fund allotments. On written notice by the secretary of higher education that the institution or program has made sufficient progress toward satisfying the requirements imposed by the higher education department under the enhanced fiscal oversight program, the department of finance and administration shall release the withheld allotments. Money withheld in accordance with this provision and not released at the end of fiscal year 2024 shall revert to the general fund. The secretary of the department of finance and administration shall advise the legislature through its officers and appropriate committees, in writing, of the status of all withheld allotments.

Except as otherwise provided, any unexpended balances remaining at the end of fiscal year 2024 shall not revert to the general fund.

**For the University of New Mexico Health Sciences Center:** The internal service funds/interagency transfers appropriation to the health sciences center of the university of New Mexico in the instruction and general purposes category includes five hundred eighty-one thousand five hundred dollars (\$581,500) from the tobacco settlement program fund.

**For Health Sciences Center Research and Public Service Projects:** The internal service funds/interagency transfers appropriation to the health sciences center research and public service projects of the university of New Mexico includes two million two hundred seventy-seven thousand six hundred dollars (\$2,277,600) from the tobacco settlement program fund.

**University of New Mexico**  
**Performance Measures Summary LFC**

95200

**9521 UNM Main Campus**

**Purpose:** The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	21,638	24,565	26,000	25,000	25,000
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	2,255	2,418	2,500	2,400	2,400
* Output	Number of credit hours completed	499,771	490,681	550,000	500,000	550,000
* Output	Number of unduplicated degree awards in the most recent academic year	5,446	5,014	5,500	5,100	5,500
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	56%	49%	60%	50%	60%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	77%	67%	83%	70%	80%

**9522 UNM Gallup Branch**

**Purpose:** The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	3,313	2,854	3,600	2,454	3,600
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	84	220	138	189	189
* Output	Number of credit hours completed	34,711	28,647	35,542	25,209	35,542
* Output	Number of unduplicated awards conferred in the most recent academic year	246	251	270	216	270
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	51%	47%	60%	40%	60%
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	18%	17%	35%	15%	35%

**9523 UNM Los Alamos Branch**

**Purpose:** The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	932	1,987	950	2,047	2,047
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	117	119	182	123	123
* Output	Number of credit hours completed	13,570	12,120	13,000	12,484	12,484
* Output	Number of unduplicated awards conferred in the most recent academic year	81	137	100	141	141
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	19%	Discont	35%	Discont	Discont
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	60%	64%	60%	66%	66%

**9524 UNM Valencia Branch**

**Purpose:** The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	3,267	3,411	3,700	3,700	3,700
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	172	167	254	183	183
* Output	Number of credit hours completed	22,542	20,652	30,000	21,243	25,000
* Output	Number of unduplicated awards conferred in the most recent academic year	120	168	160	154	170
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	19%	17%	35%	20%	25%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	55%	63%	64%	68%	68%

**9525 UNM Taos Branch**

**Purpose:** The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	1,765	2,079	2,051	2,051	2,100
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	115	109	133	133	133
* Output	Number of credit hours completed	12,818	12,304	15,382	14,422	14,422
* Output	Number of unduplicated awards conferred in the most recent academic year	153	136	165	165	165
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	51%	34%	60%	60%	60%
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty	33%	27%	35%	35%	35%



**9527 UNM Health Sciences Center**

**Purpose:** The purpose of the institution and general program of the university of New Mexico health sciences center is to provide educational, clinical and research support for the advancement of the health of all New Mexicans.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Pass rate of medical school students on United States medical licensing examination, step two clinical skills exam, on first attempt	N/A	N/A	96	N/A	N/A
* Outcome	Percent of nursing graduates passing the requisite licensure exam on first attempt	97%	78%	80%	80%	80%

**New Mexico State University**  
**Performance Measures Summary LFC**

**95400****9541 NMSU Main Campus**

**Purpose:** The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	16,089	15,952	16,250	16,250	16,250
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	1,550	1,028	1,850	1,500	1,500
* Output	Number of credit hours completed	354,193	342,575	391,000	350,000	370,000
* Output	Number of unduplicated degree awards in the most recent academic year	3,041	3,128	3,300	3,225	3,225
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	51%	50%	60%	55%	60%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	76%	76%	83%	78%	80%

**9542 NMSU Alamogordo Branch**

**Purpose:** The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	1,673	1,448	2,000	2,000	2,000
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	58	158	100	100	100
* Output	Number of credit hours completed	14,069	12,850	14,500	14,500	14,500
* Output	Number of unduplicated awards conferred in the most recent academic year	115	101	130	130	130
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	New	21%	35%	25%	25%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	55%	52%	60%	60%	60%

**Purpose:** The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	137	0	197	0	0
* Output	Number of credit hours completed	17,308	0	26,332	0	0
* Output	Number of unduplicated awards conferred in the most recent academic year	145	0	160	0	0
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	64%	0%	60%	0%	0%

#### 9544 NMSU Dona Ana Branch

**Purpose:** The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	9,107	8,187	9,600	8,700	8,700
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	1,155	1,031	1,595	1,100	1,100
* Output	Number of credit hours completed	118,354	107,310	130,000	114,000	114,000
* Output	Number of unduplicated awards conferred in the most recent academic year	1,092	1,086	1,200	1,150	1,150
* Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	New	13%	35%	15%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	64%	59%	60%	62%	62%

#### 9545 NMSU Grants Branch

**Purpose:** The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	1,363	1,086	1,500	1,200	1,200
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	77	103	110	105	110
* Output	Number of credit hours completed	7,197	7,715	8,500	8,600	8,600
* Output	Number of unduplicated awards conferred in the most recent academic year	66	75	50	60	75
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshman students who complete an associate program within one hundred fifty percent of standard graduation time	28%	Discont	35%	Discont	Discont
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	60%	50%	60%	0%	0%



**9561 New Mexico Highlands University**

**Purpose:** The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	6,460	6,358	7,100	6,400	6,500
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	165	106	231	110	110
* Output	Number of credit hours completed	67,211	59,172	74,000	60,000	65,000
* Output	Number of unduplicated degree awards in the most recent academic year	751	795	825	800	800
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	29%	27%	40%	28%	30%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	64%	52%	65%	54%	60%

**Western New Mexico University****95800****Performance Measures Summary LFC****9581 Western New Mexico University**

**Purpose:** The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	3,598	3,933	4,000	4,100	4,100
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	193	130	330	225	225
* Output	Number of credit hours completed	56,861	60,318	63,000	63,000	63,000
* Output	Number of unduplicated awards conferred in the most recent academic year	148	198	160	200	200
* Output	Number of unduplicated degree awards in the most recent academic year	635	730	700	800	800
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	25%	24%	40%	25%	30%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	66%	51%	65%	55%	60%

**Eastern New Mexico University****96000****Performance Measures Summary LFC****9601 ENMU Main Campus**

**Purpose:** The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	6,699	6,496	7,300	7,100	7,100
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	355	283	385	350	350
* Output	Number of credit hours completed	100,361	92,020	110,000	100,500	100,500
* Output	Number of unduplicated degree awards in the most recent academic year	999	1,278	1,050	1,350	1,350
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	29%	34%	40%	40%	40%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	60%	62%	65%	0%	0%

**9602 ENMU Roswell Branch**

**Purpose:** The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	2,417	2,475	2,650	2,650	2,650
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	310	566	315	350	350
* Output	Number of credit hours completed	31,812	30,272	34,000	31,000	34,000
* Output	Number of unduplicated awards conferred in the most recent academic year	359	434	400	400	450
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	35%	Discont	35%	35%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	44%	48%	60%	50%	60%

**9603 ENMU Ruidoso**

**Purpose:** The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	725	908	901	1,000	1,000
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	29	67	32	75	75
* Output	Number of credit hours completed	8,122	8,946	8,361	9,500	9,500
* Output	Number of unduplicated awards conferred in the most recent academic year	69	85	75	100	100
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	18%	Discont	35%	Discont	Discont
* Outcome	Percent of first-time, full-time freshmen	34%	51%	60%	60%	60%

## New Mexico Institute of Mining and Technology

96200

## Performance Measures Summary LFC

## 9621 New Mexico Institute of Mining and Technology

**Purpose:** The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	1,659	2,008	1,900	1,800	1,800
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	248	242	300	280	280
* Explanatory	Number of credit hours completed	42,692	41,883	N/A	N/A	N/A
* Output	Number of unduplicated awards conferred in the most recent academic year	335	310	370	335	350
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	54%	55%	60%	60%	60%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	81%	75%	83%	81%	81%

## Northern New Mexico College

96400

## Performance Measures Summary LFC

## 9641 Northern New Mexico College

**Purpose:** The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	1,509	1,591	1,510	1,600	1,600
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	118	135	231	231	231
* Output	Number of credit hours completed	26,352	19,634	23,700	23,700	23,700
* Output	Number of unduplicated awards conferred in the most recent academic year	77	224	80	225	225
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	20%	20%	40%	40%	40%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	48%	48%	65%	55%	55%

## Santa Fe Community College

96600

## Performance Measures Summary LFC

## 9661 Santa Fe Community College

**Purpose:** The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	5,430	5,771	5,900	5,381	5,900
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	169	160	186	169	169
* Output	Number of credit hours completed	48,577	47,220	53,400	46,985	53,400
* Output	Number of unduplicated awards conferred in the most recent academic year	535	605	535	574	574
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	New	25%	35%	19%	30%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	53%	52%	60%	50%	60%

### Central New Mexico Community College

96800

#### Performance Measures Summary LFC

#### 9681 Central New Mexico Community College

**Purpose:** The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	31,141	27,798	32,500	32,500	32,500
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	1,565	1,411	2,075	2,100	2,100
* Output	Number of credit hours completed	323,984	333,954	355,215	340,000	340,000
* Output	Number of unduplicated awards conferred in the most recent academic year	6,235	5,555	8,000	6,000	6,000
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	31%	28%	35%	35%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	63%	63%	60%	65%	65%

### Luna Community College

97000

#### Performance Measures Summary LFC

#### 9701 Luna Community College

**Purpose:** The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	1,415	1,150	1,536	1,536	1,536
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	102	85	120	120	120
* Output	Number of credit hours completed	13,724	12,850	13,800	14,000	14,000
* Output	Number of unduplicated awards conferred in the most recent academic year	84	97	154	160	160
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	New	21%	35%	35%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	41%	62%	60%	65%	65%

**Mesalands Community College****97200****Performance Measures Summary LFC****9721 Mesalands Community College**

**Purpose:** The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	1,222	0	1,100	0	0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	84	0	93	0	0
* Output	Number of credit hours completed	9,874	0	10,800	0	0
* Output	Number of unduplicated awards conferred in the most recent academic year	333	0	250	0	0
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	New	0%	35%	0%	0%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	68%	0%	60%	0%	0%

**New Mexico Junior College****97400****Performance Measures Summary LFC****9741 New Mexico Junior College**

**Purpose:** The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	2,643	2,385	3,250	3,250	3,250
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	492	591	497	500	500
* Output	Number of credit hours completed	40,548	38,940	41,748	43,000	43,000
* Output	Number of unduplicated awards conferred in the most recent academic year	298	353	313	350	350
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	New	33%	60%	60%	60%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	49%	51%	60%	60%	60%

**San Juan College****97600****Performance Measures Summary LFC****9761 San Juan College**

**Purpose:** The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	8,001	8,349	8,400	8,600	8,600
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	271	251	400	300	300
* Output	Number of credit hours completed	106,020	103,320	112,000	106,000	112,000
* Output	Number of unduplicated awards conferred in the most recent academic year	959	1,421	1,000	1,200	1,200
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	New	31%	35%	35%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	53%	69%	61%	72%	72%

**Clovis Community College****97700****Performance Measures Summary LFC****9771 Clovis Community College**

**Purpose:** The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of students enrolled, by headcount	3,457	3,256	4,200	3,500	3,500
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	101	120	111	130	130
* Output	Number of credit hours completed	36,561	32,387	38,790	35,000	37,000
* Output	Number of unduplicated awards conferred in the most recent academic year	494	407	450	450	450
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	New	38%	35%	40%	40%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	61%	62%	63%	63%	63%

### New Mexico Military Institute

97800

#### Performance Measures Summary LFC

#### 9781 New Mexico Military Institute

**Purpose:** The purpose of the New Mexico military institute program is to provide college-preparatory instruction for students in a residential, military environment culminating in a high school diploma or associates degree.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Outcome	Average American college testing composite score for graduating high school seniors	22	19	22	20	22
* Outcome	Proficiency profile reading scores for graduating college sophomores	0	113	115	115	115
* Output	Percent of third Friday high school seniors and junior college sophomore students graduating with a high school diploma and/or associate degree	81.4%	69.8%	82.0%	75.0%	85.0%

### New Mexico School for the Blind and Visually Impaired

97900

#### Performance Measures Summary LFC

#### 9791 New Mexico School for the Blind and Visually Impaired

**Purpose:** The purpose of the New Mexico school for the blind and visually impaired program is to provide the training, support and resources necessary to prepare blind and visually impaired children of New Mexico to participate fully in their families, communities and workforce and to lead independent, productive lives.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Output	Number of New Mexico teachers who complete a personnel preparation program to become a teacher of the visually impaired	3	5	12	80	50

### New Mexico School for the Deaf

98000

#### Performance Measures Summary LFC

#### 9801 New Mexico School for the Deaf

**Purpose:** The purpose of the New Mexico school for the deaf program is to provide a school-based comprehensive, fully accessible and language-rich learning environment for its students who are deaf and hard-of-hearing and to work collaboratively with families, agencies and communities throughout the state to meet the unique communication, language and learning needs of children and youth who are deaf and hard-of-hearing.

Performance Measures:		2020-21 Actual	2021-22 Actual	2022-23 Budget	2023-24 Request	2023-24 Recomm
* Outcome	Rate of transition to postsecondary education, vocational-technical training school, junior colleges, work training or employment for graduates based on a three-year rolling average	88	88	100	100	100
* Outcome	Percent of first-year signers who demonstrate improvement in American sign language based on fall or spring assessments	N/A	100%	100%	100%	100%



# Public School Support

# Public School Support

	FY23 Opbud	FY24 PED Request	FY24 LFC Recommendation	
1 <b>PROGRAM COST</b>				1
2 <b>Prior Year Program Cost OpBud</b>	<b>3,295,448.6</b>	<b>3,684,078.0</b>	<b>3,684,078.0</b>	2
3 <b>UNIT CHANGES</b>				3
4 At-Risk Index Factor Increase (LFC: 0.33)			31,926.2	4
5 Other Projected Net Unit Changes	(23,863.6)			5
6 Extended Learning Time (ELT) Programs	(15,168.0)	(95,000.0)	(95,000.0)	6
7 Targeted Compensation for K-5 Plus and ELT School Personnel (FY23: 3%)	64,027.5	(64,027.5)	(64,027.5)	7
8 K-5 Plus Schools		(119,895.9)	(119,895.9)	8
9 K-12 Plus (0.016/0.024 Factor) Units <sup>1</sup>			79,591.4	9
10 <b>UNIT VALUE CHANGES</b>				10
11 New Instructional Hour Requirements (1,140 hours)		211,134.1	161,255.6	11
12 <b>Subtotal: Instructional Time and Calendar Reforms</b>		<b>211,134.1</b>	<b>240,847.0</b>	12
13 Average Salary Increase (FY23: 7%, PED: 4%, LFC: 5%)	176,813.0	109,332.0	139,157.5	13
14 Targeted Compensation for Hard-to-Fill Positions	10,092.3	56,404.0		14
15 Minimum Wage Increase (FY23: \$15.00)	10,164.3			15
16 Three-Tier Minimum Salary Increase (FY23: \$50k, \$60k, \$70k)	76,768.2			16
17 Increase Principal Responsibility Factor		3,285.0	7,962.4	17
18 Employer Retirement Contribution Increase (FY23: 2%, FY24: 1%)	40,157.0		22,123.5	18
19 Instructional Materials and Educational Technology	8,000.0	20,000.0	12,000.0	19
20 Insurance	18,000.0	19,459.7	15,742.0	20
21 Employer Health Insurance Contribution Increase (Parity with State Employees)			31,979.5	21
22 Fixed Costs	5,638.7	13,047.1	5,191.4	22
23 Mentorship and Professional Development	10,000.0			23
24 Elementary P.E. and Student Wellness Programs	8,000.0		4,000.0	24
25 Fine Arts Programs			4,100.0	25
26 Cyber Programming for Local Education Agencies		1,500.0		26
27 Early Literacy	-	2,000.0	2,000.0	27
28 <b>Subtotal Current Year Program Cost Base</b>	<b>3,684,078.0</b>	<b>3,841,316.5</b>	<b>3,922,184.1</b>	28
29 <b>\$ Change from OpBud</b>	<b>388,629.4</b>	<b>157,238.5</b>	<b>238,106.1</b>	29
30 <b>% Change from OpBud</b>	<b>11.8%</b>	<b>4.3%</b>	<b>6.5%</b>	30
31 <b>STATE EQUALIZATION GUARANTEE (SEG)</b>				31
32 Less: Other State Funds	(10,366.6)	(7,000.0)	(1,500.0)	32
33 <b>Subtotal Current Year SEG Base</b>	<b>3,673,711.4</b>	<b>3,834,316.5</b>	<b>3,920,684.1</b>	33
34 <b>\$ Change from OpBud</b>	<b>385,262.8</b>	<b>160,605.1</b>	<b>246,972.7</b>	34
35 <b>% Change from OpBud</b>	<b>11.7%</b>	<b>4.4%</b>	<b>6.7%</b>	35
36 <b>CATEGORICAL APPROPRIATIONS</b>				36
37 <b>TRANSPORTATION DISTRIBUTION</b>				37
38 Maintenance and Operations	87,455.9	98,124.7	98,124.7	38
39 Fuel	11,750.6	13,184.1	13,184.1	39
40 Rental Fees <sup>2</sup>	7,841.6		8,798.2	40
41 Transportation for Extended Learning Time	3,175.6	8,661.0	4,061.0	41
42 Transportation for K-5 Plus	899.2			42
43 Average Salary Increase for Transportation (FY23: 7%, PED: 4%, LFC: 5%)	3,548.3	1,747.3	2,211.5	43
44 <b>Subtotal Current Year Transportation Base</b>	<b>114,671.2</b>	<b>121,717.1</b>	<b>126,379.5</b>	44
45 <b>\$ Change from OpBud</b>	<b>7,615.0</b>	<b>7,045.9</b>	<b>11,708.3</b>	45
46 <b>% Change from OpBud</b>	<b>7.1%</b>	<b>6.1%</b>	<b>10.2%</b>	46
47 <b>OTHER CATEGORICAL APPROPRIATIONS</b>				47
48 OUT-OF-STATE TUITION	315.0	362.0	362.0	48
49 EMERGENCY SUPPLEMENTAL	2,000.0	2,000.0	2,000.0	49
50 STANDARDS-BASED ASSESSMENTS	7,236.0	15,296.9	8,000.0	50
51 INDIAN EDUCATION FUND	14,988.6	27,488.6	20,000.0	51
52 Hispanic Education Act		741.4	Line 146	52
53 Technology for Education	-	42,108.0	-	53
54 <b>Subtotal Current Year Categorical Appropriations</b>	<b>139,210.8</b>	<b>209,714.0</b>	<b>156,741.5</b>	54
55 <b>\$ Change from OpBud</b>	<b>16,353.6</b>	<b>70,503.2</b>	<b>17,530.7</b>	55
56 <b>% Change from OpBud</b>	<b>13.3%</b>	<b>50.6%</b>	<b>12.6%</b>	56
57 <b>SUBTOTAL PUBLIC SCHOOL SUPPORT</b>	<b>3,812,922.2</b>	<b>4,044,030.5</b>	<b>4,077,425.6</b>	57
58 <b>\$ Change from OpBud</b>	<b>401,616.4</b>	<b>231,108.3</b>	<b>264,503.4</b>	58
59 <b>% Change from OpBud</b>	<b>11.8%</b>	<b>6.1%</b>	<b>6.9%</b>	59

# Public School Support

		FY23 Opbud	FY24 PED Request	FY24 LFC Recommendation	
60	<b>RELATED REQUESTS: RECURRING</b>				60
61	Regional Education Cooperatives	1,100.0	1,100.0	1,350.0	61
62	Early Literacy and Reading Support	8,000.0	14,500.0	11,500.0	62
63	School Leader Professional Development	2,500.0	5,000.0	5,000.0	63
64	Teacher Professional Development	3,000.0	3,000.0	3,000.0	64
65	GRADS – Teen Parent Interventions <sup>3</sup>	650.0	750.0	750.0	65
66	STEAM (Science, Technology, Engineering, Arts, and Math) Initiatives	3,000.0	3,096.6	3,096.6	66
67	Advanced Placement Test Fee Waivers and Training	1,000.0	1,250.0	1,250.0	67
68	Parity for 520 Certificate Holders		3,250.0		68
69	Teacher Residency Pilot <sup>1</sup>		15,600.0	10,000.0	69
70	Outdoor Classroom Initiatives	500.0	Line 116	Line 151	70
71	Student Nutrition and Wellness	2,400.0			71
72	Martinez-Yazzie Student and Program Supports	5,100.0			72
73	Career Technical Education	250.0			73
74	At-Risk Interventions for Students	10,000.0			74
75	Health and Behavioral Health Curriculum	460.0			75
76	Youth in Film Initiatives	210.0			76
77	Post-Graduation Pathway Initiatives	440.0			77
78	Media Literacy Programs	200.0	-	-	78
79	<b>Subtotal Current Year Base</b>	<b>38,810.0</b>	<b>47,546.6</b>	<b>35,946.6</b>	79
80	<b>\$ Change from OpBud</b>	<b>18,903.0</b>	<b>8,736.6</b>	<b>(2,863.4)</b>	80
81	<b>% Change from OpBud</b>	<b>95.0%</b>	<b>22.5%</b>	<b>-7.4%</b>	81
82	<b>PUBLIC EDUCATION DEPARTMENT</b>				82
83	<b>Prior Year OpBud</b>	<b>15,097.5</b>	<b>20,869.0</b>	<b>20,869.0</b>	83
84	Base Changes	5,771.5	3,475.0	1,720.0	84
85	<b>Subtotal Current Year Base</b>	<b>20,869.0</b>	<b>24,344.0</b>	<b>22,589.0</b>	85
86	<b>% Change from OpBud</b>	<b>38.2%</b>	<b>16.7%</b>	<b>8.2%</b>	86
87	<b>Total</b>				87
88	<b>Prior Year OpBud</b>	<b>3,446,310.3</b>	<b>3,872,601.2</b>	<b>3,872,601.2</b>	88
89	Base Changes	426,290.9	243,319.9	263,360.0	89
90	<b>Total</b>	<b>3,872,601.2</b>	<b>4,115,921.1</b>	<b>4,135,961.2</b>	90
91	<b>% Change from OpBud</b>	<b>12.4%</b>	<b>6.3%</b>	<b>6.8%</b>	91

## SECTIONS 5, 6, 7, AND OTHER NONRECURRING APPROPRIATIONS

92	<b>General Fund</b>				92
93	Potential FY20 Impact Aid Liability	30,000.0			93
94	Tribal Libraries	2,000.0			94
95	Sufficiency Lawsuit Fees	500.0	500.0	500.0	95
96	Teacher and Administrator Evaluation System		1,500.0	Line 131	96
97	Educator Recruitment		16,850.0		97
98	Excellence for Coaching in Intensive Supports for Special Education		1,118.0	Line 148	98
99	Learning Management System		3,000.0		99
100	Principal Residency Programs		2,000.0	Line 133	100
101	Universal Design for Learning for Special Education and Parent Support		1,500.0	Line 148	101
102	Micro-credentials		1,100.0		102
103	Behavioral Health Supports		6,517.3		103
104	Community Schools Initiatives		11,500.0	Line 123	104
105	Feminine Hygiene Products		3,000.0		105
106	Career Technical Education (Next Gen) & Innovation Zones		15,000.0	Line 130	106
107	Stay in School for Students with Disabilities		4,000.0		107
108	Work Based Learning		5,100.0		108
109	Building the Bridge between General and Special Education		2,000.0		109
110	Family Income Index and At-Risk Interventions Response		15,000.0	Line 120	110
111	High-Dosage and Near Peer Tutoring		10,000.0	Line 126	111
112	Educational Plan & School Strategic Planning Software		250.0		112
113	High Quality Learning (Elective Enhancements)		50,000.0	Line 125	113
114	Instructional Materials Supplement		12,929.4	Line 149	114
115	Math Achievement		6,500.0	Line 150	115
116	Outdoor Classroom Initiatives		1,201.9	Line 151	116

		FY23 Opbud	FY24 PED Request	FY24 LFC Recommendation	
117	Enhanced Learning for Students with IEPs	-	33,065.0	Line 125	117
118	<b>Subtotal Current Year Base</b>	<b>32,500.0</b>	<b>203,631.6</b>	<b>500.0</b>	118
<b>OTHER STATE AND FEDERAL FUNDS</b>					
119	<b>Public Education Reform Fund</b>				119
120	Family Income Index Support			15,000.0	120
121	Indian Education Endowment Fund				121
122	Transportation for K-5 Plus Programs	3,034.7			122
123	Community School and Family Engagement Initiatives	8,000.0		10,000.0	123
124	Support for Attendance for Success		17,000.0		124
125	K-12 Plus Programs	22,183.8	50,000.0	150,000.0	125
126	Out-of-School Learning, Summer Enrichment, and Quality Tutoring Programs			20,000.0	126
127	Tribal and Rural Community-Based Extended Learning	13,310.3			127
128	K-12 Plus Planning Grants and Incentives	21,000.0			128
129	Transportation for K-12 Plus Schools	1,551.0			129
130	Career Technical Education	10,000.0		15,000.0	130
131	Teacher and Administrator Evaluation System	2,000.0		2,000.0	131
132	Teacher Residency Pilots	15,500.0		5,000.0	132
133	Principal, Counselor, and Social Worker Residency Pilots			2,000.0	133
134	Paid Student Teaching and Licensure Support	6,000.0		6,500.0	134
135	Teach Up (ENMU, NMHU, SJCC, WNMU)	4,000.0		3,000.0	135
136	Teacher Preparation Affordability Scholarship Fund	20,000.0		10,000.0	136
137	Teacher Loan Repayment Fund	5,000.0		2,500.0	137
138	Endowed Faculty Teaching Positions	50,000.0			138
139	Martinez-Yazzie Educational Technology and IT Staffing	10,000.0			139
140	Targeted Dual Credit Programs	4,000.0			140
141	Early Literacy and Reading Support	3,500.0		2,000.0	141
142	At-Risk Interventions for Students	5,000.0			142
143	School Budget Transparency	1,000.0			143
144	Cyber Security and Data Systems	1,500.0			144
145	Parity for 520 Certificate Holders	1,250.0			145
146	Hispanic Education Act	500.0		1,000.0	146
147	Bilingual Multicultural Education Act			5,000.0	147
148	Special Education Training and Credentials			2,000.0	148
149	Instructional Materials Supplement			5,000.0	149
150	Math Achievement			5,000.0	150
151	Outdoor Classroom Initiatives	-	-	250.0	151
152	<b>Subtotal Current Year Base</b>	<b>208,329.8</b>	<b>67,000.0</b>	<b>261,250.0</b>	152
153	<b>Other State Funds and Inter-Agency Transfers</b>				153
154	National Board Certification Scholarship Fund	500.0	500.0	500.0	154
155	School Panic Buttons (PSCOF)	1,000.0	1,000.0		155
156	Charter School Revolving Loan Fund (PSCOF)	10,000.0			156
157	Tribal and Rural Community-Based Extended Learning (PSCOF)		13,310.0		157
158	Tribal Library Capital Outlay (PSCOF)		20,000.0		158
159	Pre-Kindergarten Classrooms (PSCOF)	5,000.0		5,000.0	159
160	Transportation Rental Fees (PSCOF)		8,798.2		160
161	School Bus Replacement (PSCOF, EMTF)	5,194.0	15,687.0	15,687.0	161
162	School Bus Cameras (STB)	132.5			162
163	Alternative School Bus Fueling or Charging Infrastructure (PSCOF)	200.0			163
164	Security, CTE, Prekindergarten, Maintenance SB-9 Distribution (PSCOF)	75,000.0	70,365.0	100,000.0	164
165	GRADS - Teen Parent Interventions (TANF)	-	-	500.0	165
166	<b>Subtotal Current Year Base</b>	<b>97,026.5</b>	<b>129,660.2</b>	<b>121,687.0</b>	166
167	<b>Total</b>	<b>305,356.3</b>	<b>196,660.2</b>	<b>382,937.0</b>	167

**Footnotes**

1. Includes appropriations from the public education reform fund.
2. Includes appropriations from the public school capital outlay fund.
3. Includes appropriations from the federal Temporary Assistance for Needy Families grant

**Statutory Authority**

Article XII, Section 1, of the New Mexico Constitution provides that a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state shall be established and maintained. Statutory provisions related to public school education can be found in the Public School Code, Chapter 22 NMSA 1978. Constitutional amendments passed in 2003 restructured state education administration from one directed by an elected board to an executive agency under the governor.

**At A Glance**

PED's FY24 general fund request for public schools totaled \$4.12 billion, a \$243.3 million, or 6.3 percent, increase from FY23 appropriations. The committee's general fund recommendation for public schools totaled \$4.14 billion, an overall increase of \$263.3 million, or 6.8 percent. The department requested and committee recommends increasing the state equalization guarantee (SEG) distribution to raise instructional time requirements and provide salary increases. PED's request further included funding for educational technology, while the committee's recommendation included funding for students at risk of failing.

**Budget Issues**

In FY19, the 1st Judicial District Court found, in the *Martinez-Yazzie* education sufficiency lawsuit, New Mexico failed to provide a sufficient education to at-risk children and ordered the state to immediately provide an education system that would ensure all students had the same opportunity to be college, career, and civics ready. The court did not order specific remedies, noting the legislative and executive branches held the primary responsibility of developing a funding and accountability framework to meet constitutional requirements. However, the court found key deficiencies, such as the lack of K-3 Plus, extended learning time (ELT) programs, prekindergarten programs, reading interventions, and high-quality teachers were creating achievement gaps for at-risk students and ordered the state to take immediate action. The court is still in the process of evaluating the state's progress on addressing deficiencies since the initial ruling and order.

**Program Cost and SEG.** For FY24, PED requested \$3.83 billion for the SEG distribution, a \$160.6 million, or 4.4 percent increase. The LFC recommendation for SEG totaled \$3.92 billion, a \$245 million or 6.7 percent increase. Both the request and recommendation primarily focus on interventions relating to instructional time to get better student outcomes, with the LFC recommendation designed to further promote development of evidence-based instructional calendars with a new K-12 Plus calendar factor.

*Calendar Reform and Instructional Time.* The court acknowledged high-quality extended school year programs, like K-5 Plus and Extended Learning Time (ELT) programs, could help close the achievement gap. Research and previous LFC studies have found extended school years can improve student outcomes, with costs of implementation being one of the largest barriers. Despite appropriating funds to serve over 73.7 thousand students in K-5 Plus for FY23, overall participation was abysmally low and continues to fall, with only 4,394 students generating formula funds for K-5 Plus—about \$7.2 million of the \$119.9 million appropriation. Since the court ruling in FY19, the Legislature has made sufficient funding available for all at-risk elementary students to participate in K-5 Plus, a key intervention the state failed to fund adequately. Despite substantial investment and increased access to K-5 Plus, most schools have opted out of funding, particularly plaintiff districts.

More promising, however, is the ELT program, with 125.9 thousand students enrolled, or nearly half of the state participating in FY23. Schools have leveraged \$75.5 million of the \$95 million ELT appropriation and designed various models to meet community needs, such as balanced calendar structure with shorter but more frequent breaks. Although more schools are participating in ELT than K-5 Plus, loopholes in statute have allowed some schools to generate additional funding without effectively adding more instructional days. The LFC recommendation addresses these loopholes by authorizing additional program units only if schools with five-day school weeks exceed 180 instructional days and schools with four-day school weeks exceed 152 instructional days.

Most stakeholder groups agree more instructional opportunities can benefit students, and many note the quality of instruction and how time is used as important as adding more time. Since FY21, participation in K-5 Plus and ELT programs has decreased, and schools have forgone over half a billion dollars of available state funding for these interventions. School closures during the Covid-19 pandemic reduced instructional time for all students and further exacerbated existing achievement gaps for at-risk student groups. However, school officials and stakeholders continue to advocate for increased flexibility in program designs and local decision-making on providing additional time, noting difficulties with adding 25 days for K-5 Plus and 10 days for ELT. Concerns about educator burnout during the pandemic, disruptions to summer plans, worries about “more of the same,” and push-back against state directives have slowed implementation for K-5 Plus and ELT.

To help schools add quality instructional time, the committee recommendation creates a new K-12 Plus factor, providing additional program units to schools for each instructional day added. The first tier of the K-12 Plus factor provides units for each day beyond 180 instructional days (for a five-day school week) per student, allowing schools to choose the number of days in the school year, receive targeted funding for each extra day, and generate additional funding for educator professional work time and attendance interventions. Similarly, the second tier of the K-12 Plus factor provides incremental units but at a higher weight for each day beyond 190 instructional days (for a five-day school week) per student to incentivize calendar reforms and provide additional funding for interventions like community schools, out-of-school learning opportunities, and even more educator collaboration time.

The department request and committee recommendation raise minimum instructional hour requirements to 1,140 hours each school year—higher than the current elementary school minimum of 990 hours and secondary school minimum of 1,080 hours. The instructional hour increase and K-12 Plus proposal are contingent on enactment of legislation and are intended to increase learning time to the equivalent of 190 school days. Statewide, school districts and charter schools are already providing an average of 1,098 hours for elementary school and 1,172 hours for secondary school. The estimated marginal cost of raising each school district or charter school's instructional time to 1,140 hours is \$115.7 million, assuming no additional costs for entities already operating above the new minimum hour requirement.

Finally, both the department request and committee recommendation repeal existing K-5 Plus and ELT programs and associated formula factors. Repealing the existing K-5 Plus and ELT programs would remove 15.2 thousand program units from the funding formula, substantially increasing the unit value and reallocating SEG funds from existing K-5 Plus and ELT participants to nonparticipants. The committee's recommendation to create K-12 Plus holds most existing K-5 Plus and ELT schools harmless from the repeal. Existing K-5 Plus and ELT program units must be replaced to ensure new formula dollars are allocated equitably and protect current extended calendars. Currently, 92, or nearly half, of the 189 school districts and charter schools have an FY23 school calendar that would generate K-12 Plus units. The committee's recommendation for K-12 Plus would generate 14.1 thousand units and cost approximately \$79.6 million. About \$26.4 million of the \$79.6 million from K-12 Plus would go toward meeting new 1,140 instructional hour requirements for certain K-12 Plus schools.

Altogether, the committee recommendation included \$399.4 million for this proposal, \$259.4 million for calendar reform through the general fund and \$140 million from the public education reform fund (PERF) for K-12 Plus expansions. PED's total request included \$311 million for the new 1,140 instructional hour requirement, \$211 million for calendar reform, and \$100 million in nonrecurring funds, split evenly between general fund and PERF for enhanced learning time.

*At-risk Index.* Since FY20, investments in the at-risk index of the funding formula have tripled, bringing total funding for at-risk students to nearly \$300 million. Despite the substantial infusion of resources, plaintiffs in the *Martinez-Yazzie* case continue to allege the state has not ensured at-risk funds have been used to serve at-risk students. While PED has created accounting codes to track "at-risk" expenditures and begun reporting data publicly, the information provides no detail on how spending is tied to outcomes or whether at-risk students are receiving more services.

In the *Martinez-Yazzie* lawsuit findings, the court opined that at-risk student funding should be 25 percent to 50 percent higher than funding provided to their peers. The FY23 funding formula generated 58.6 thousand at-risk student program units, about 16 percent of basic student membership units. To increase the share of program units generated by at-risk students in the funding formula and address this finding, the committee recommendation includes \$32 million to raise the at-risk index multiplier from 0.3 to 0.33, contingent on enactment of legislation. As the state looks to increase resources for at-risk students, the Legislature should consider allocation methods that better target funding, such as the family income index, or directly address the provider shortage, such as producing more counselors or nurses out of higher education institutions to serve students.

**Unit Value Changes.** The unit value, a weighted revenue per pupil metric, is computed by dividing the program cost by funded units. PED initially sets a unit value in May based on the following year's appropriations and then adjusts the unit value eight months later in January. Any funds added to SEG that do not generate units will increase the unit value, which are discussed here.

*Compensation.* Recent salary increases have reduced reported vacancy rates and increased the number of applicants for teacher licensure. As other neighboring states raise salaries, New Mexico will need to remain competitive to attract and retain teachers from a dwindling national pool of candidates. The department requested \$109.3 million to provide an average 4 percent salary increase for school personnel and \$56.4 million to provide targeted compensation for hard-to-staff positions. The committee recommendation includes \$139 million to provide an average 5 percent salary increase for all personnel. Significant raises in minimum teacher pay in FY23 will likely create some compaction between teachers and other personnel, as well as pay differences between teachers of the same license level. To alleviate compaction issues and provide budgetary flexibility for increased instructional time, both the department request and committee recommendation include average salary raises for all school personnel.

Both the request and recommendation raise statutorily established principal responsibility factors to target additional pay for school leaders. PED's request increased all responsibility factors by 0.05, effectively raising principal and assistant minimum salaries by \$3,500 across the board. The committee recommendation adjusted responsibility factors to account for school caseload and concentrations of at-risk students to target pay to the neediest schools at a cost of \$7.9 million.

*Insurance and Benefits.* PED requested \$19.5 million to cover the costs of rate increase requested by the Public School Insurance Authority (NMPSIA) and Albuquerque Public Schools (APS). The requested increase funded a 7.2 percent increase in educator health insurance rates for entities covered by NMPSIA and an 8 percent health insurance rate increase for APS. Additionally, the request funds a 6.7 percent rate increase for property and liability insurance for NMPSIA-covered entities and a 13 percent increase for APS. (See "NMPSIA: Agency 342.") NMPSIA provides self-insured group insurance coverage for all school districts (except for APS) and all charter schools—including charters in Albuquerque. The committee recommendation for insurance is \$15.7 million, which covers a 6 percent increase in healthcare premiums but does not include increases for the risk program.



NMPSIA-covered entities continue to face large settlements related to sexual misconduct lawsuits, leading to large requested increases. Recently, the Legislature has enacted reforms designed to prevent these incidents in the future, although not all school districts have fully implemented the requirements of that law. NMPSIA should consider incentivizing school districts to adopt policies aligning to industry best practices by charging higher premiums to school districts that decline to do so.

Previous LFC reports have highlighted disparities in insurance premium costs and established contribution rates between educators and other state employees; however, neither NMPSIA nor PED have requested additional funding to change the contribution rate structure. Moreover, school districts and charter schools currently have the authority to increase contributions beyond the minimums set by statute in accordance with the priorities of respective school boards. However, 20 school districts have higher contribution rates than the statutory minimum. To provide additional flexibility for schools to address this compensation approach, the committee recommendation includes \$32 million to raise employer contribution rates in line with state employees, contingent on enactment of a bill.

Laws 2022, Chapter 29 (Senate Bill 36), increased the employer contribution for retirement benefits by 2 percent for FY23 and another 1 percent in FY24. The committee recommendation included \$22 million to cover the scheduled 1 percent contribution increase in FY24, effectively bringing the total increase to 4 percent over the past three years.

*Instructional Materials.* In FY20, the Legislature moved instructional material funding from categorical appropriations to the SEG so schools could have full flexibility over purchasing and developing culturally and linguistically relevant materials. In FY21, budgeted expenditures for other textbooks was \$38.6 million from SEG distributions, likely due to increased demand for online textbooks and digital platforms. In FY22, budgeted expenditures for other textbooks increased to \$48.9 million. Unrestricted cash balances carrying over from FY22 at school districts and charter schools have grown as well, to \$525 million, or 16 percent of FY22 program cost, which could also be used to acquire materials.

Currently, schools receive \$43 million for instructional materials through the SEG and must report to PED how their proportion of the SEG is spent for this purpose. For FY24, the PED request increased the SEG appropriation for instructional materials to \$63 million, a \$20 million increase from the prior year. The committee recommendation boosts funding for instructional materials to \$55 million, a \$12 million increase.

*Other Costs.* PED's request included \$13 million for fixed costs, \$2 million for early literacy, and \$1.5 million for cybersecurity. The committee recommendation includes \$4 million for elementary physical education, \$4.1 million for fine arts, \$2 million for early literacy, and \$5.2 million for fixed costs. These unit value increases may encourage schools to increase participation in early literacy interventions or expand fine arts programming, but absent statutory changes the appropriations will likely only increase per pupil funding.

**Categorical Public School Support.** Categorical expenditures, distributed to public schools formulaically but restricted to specific uses, include funding for transportation, supplemental distributions, Indian education, and standards-based assessments. PED's FY24 categorical general fund request totaled \$209.7 million, an increase of \$70.5 million or 50.6 percent. The committee recommendation for categorical appropriations totals \$156.7 million—an increase of \$17.5 million, or 12.6 percent.

*Transportation.* The largest categorical appropriation, the transportation distribution, covers costs of transporting students to and from school. For FY24, PED's general fund request for transportation totaled \$121.7 million, an increase of 7 million or 6.1 percent. The committee's general fund recommendation is \$126.4 million, an \$11.7 million increase, or 10.2 percent. Additionally, the department's request provided a nonrecurring \$8.8 million appropriation for school bus contractor fees through the public school capital outlay fund. Recurring contractor rental fees are allocated separately from the transportation distribution but are not authorized to be funded from the capital outlay fund.

School closures in FY20 and FY21 virtually stopped student ridership on school buses, a variable used to determine transportation distributions. Laws 2022, Chapter 9 (House Bill 57), required PED to temporarily use prepandemic data to determine transportation distributions in FY23; the regular methodology will resume in FY24 and adjust distributions accordingly. The committee recommendation also prohibits PED from applying a credit to transportation distributions in FY24 based on district population density, which has historically reduced transportation funding for some urban districts. Findings in the *Martinez-Yazzie* lawsuit indicated some plaintiff districts ended up supplementing reduced transportation funding with SEG dollars, diverting resources away from direct classroom instruction.

*Indian Education Fund.* The preliminary court ruling drew attention to the low educational outcomes of Native American students, flagging significant gaps in proficiency and graduation rates. Despite recent gains in high school graduation rates for Native American students, overall academic performance remains lower than most other student subgroups year-over-year. The court also noted the state's failure to develop government-to-government relationships needed to achieve the statutory goals stated in the Indian Education Act (IEA) and argued the lack of culturally relevant instructional materials and curricula for Native American students violated the IEA and state constitution.

Balances in the Indian education fund have supported a number of recurring, multi-year programs; however, the effects of these programs on improving educational outcomes for Native American students remains unclear. A 2021 LFC evaluation of Indian Education Act implementation found a his-

tory of poor coordination between PED and tribal governments, lack of targeted outcomes for Indian education fund recipients, and challenges with spending down grant awards. For FY24, PED's request included \$27.5 million for the Indian education fund, a \$12.5 million or 83 percent increase from the prior year. The committee recommendation includes \$20 million for the Indian education fund, a \$5 million, or 33 percent increase from the prior year.

*Standards-Based Assessments.* In FY20, PED transitioned away from the PARCC standards-based test and contracted with Cognia to develop the New Mexico Measures of Student Success and Achievement (MSSA) standardized English language arts and math assessment for students in third grade through eighth grade. PED selected the PSAT and SAT college entrance exams to meet federal testing requirements in 10th grade and 11th grade, respectively. According to PED, MSSA was originally priced at \$38.92 per student (about \$6 million statewide) and the SAT cost about \$1.2 million. For FY24, PED requested \$15.3 million for standards-based assessments, double the appropriation from the prior year. According to PED, MSSA and interim MSSA assessments will cost \$7.9 million, with the remaining \$7.4 million covering the costs for SAT, iStation early literacy, and other assessments operated by the department previously paid through other sources. The committee recommends \$8 million for the MSSA, an increase of \$764 thousand, or 10.6 percent from FY23 funding levels, and leverages federal dollars to address other state assessments.

*New Initiatives.* For FY24 the PED request included three new categorical appropriations: \$42.1 million for educational technology in schools, \$17 million for attendance initiatives, and \$741.4 thousand to expand Hispanic Education Act listening sessions. With nearly a billion dollars remaining from federal American Rescue Plan funds available for educational technology and local options to levy taxes for the same purpose, the committee recommendation does not include funding for this purpose. The committee recommendation further uses \$1 million from the public education reform fund to support implementation of the Hispanic Education Act and extends the period of time to expend an FY23 nonrecurring appropriation of \$10 million for educational technology.

**Department Special Program Appropriations.** The court found some PED special program appropriations could be worthwhile, pointing to promising results from prekindergarten, extended school year, K-3 Plus, and educator professional development programs. However, the court noted the appropriations had limited impact and were subject to volatile budget adjustments each year, creating uncertainty for districts and inconsistency in measuring program effectiveness. The proliferation of special programs could divert resources away from school funding, which the court indicated was not a suitable remedy for statewide deficiencies.

PED's FY24 request for special programs totaled \$47.5 million, an increase of \$8.7 million, or 22.5 percent, from FY23 general fund levels. The committee recommendation for special programs is \$35.9 million, a decrease of \$2.9 million, or 7.4 percent. Both the department's request and committee recommendation reprioritize \$19.6 million in special programs to address other priority areas, such as early literacy initiatives and teacher residency programs. The department's request provides an additional \$3 million for early literacy, \$5.6 million for teacher residencies, and \$3.3 million for Native American language teacher salaries above the LFC recommendation.

PED's request for FY24 nonrecurring appropriations totaled \$203.6 million for 22 different initiatives and pilot programs. In addition to submitting the request for nonrecurring appropriations late, the department did not request additional FTE in its recurring operating budget to oversee and administer these programs, increasing potential agency workload and diminishing oversight capacity. With an influx of federal pandemic aid available at the department for new initiatives, PED should consider agency capacity to evaluate program effectiveness and prioritize evidence-based interventions before considering the expansion of new programs.

**Federal Funds.** For FY24, PED requested and the committee recommendation includes authority to budget \$548.5 million for federal flow-through grants, an increase of \$62.2 million, or 12.8 percent from FY23. Schools also have access to \$979 million in federal American Rescue Plan dollars that are available through FY24, which must be used to address Covid-19-related emergencies and operational disruptions.



**Recommended Language****Public School Support**

Except as otherwise provided, unexpended balances of appropriations made in this subsection shall not revert at the end of fiscal year 2024.

**(1) State equalization guarantee distribution:**

The purpose of public school support is to carry out the mandate to establish and maintain a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state.

The rate of distribution of the state equalization guarantee distribution shall be based on a program unit value determined by the secretary of public education. The secretary of public education shall establish a preliminary unit value to establish budgets for the 2023-2024 school year and then, on verification of the number of units statewide for fiscal year 2024 but no later than January 31, 2024, the secretary of public education may adjust the program unit value. In setting the preliminary unit value and the final unit value in January, the public education department shall consult with the department of finance and administration, legislative finance committee and legislative education study committee.

The general fund appropriation to the state equalization guarantee distribution includes thirty-one million nine hundred twenty-six thousand two hundred dollars (\$31,926,200) contingent on enactment of a bill in the first session of the fifty-sixth legislature amending the Public School Finance Act to increase the at-risk index multiplier to thirty-three hundredths.

The state equalization guarantee distribution includes two hundred forty million eight hundred sixty-four thousand nine hundred dollars (\$240,864,900) from the general fund and one hundred fifty million dollars (\$150,000,000) from the public education reform fund contingent on enactment of a bill in the first session of the fifty-sixth legislature amending the Public School Finance Act creating a K-12 plus program that generates additional program units for schools that provide instructional days beyond the equivalent of one hundred eighty days with bonus units beyond the equivalent of one hundred ninety days, amending the Public School Code to establish a new minimum requirement of one thousand one hundred forty instructional hours for all students each school year and repealing K-5 plus schools and extended learning time programs. The secretary of public education shall consider those K-12 plus programs eligible for state financial support and the amount of state funding available for K-12 plus programs and determine, in consultation with the department of finance and administration, legislative finance committee and legislative education study committee, the programs and consequent numbers of students in K-12 plus programs that will be used to calculate the number of additional program units for K-12 plus programs. Any amount of the one hundred fifty million dollar (\$150,000,000) public education reform fund appropriation that is not distributed through the K-12 plus program factor, calculated by multiplying the final program unit value set for the 2022-2023 school year by the total K-12 plus program units generated in excess of at least fourteen thousand program units and subtracting that product from one hundred fifty million dollars (\$150,000,000), shall revert to the public education reform fund.

The general fund appropriation to the state equalization guarantee distribution includes sufficient funding to provide all affected employees an hourly salary of at least fifteen dollars (\$15.00).

The general fund appropriation to the state equalization guarantee distribution includes one hundred thirty-nine million one hundred fifty-seven thousand five hundred dollars (\$139,157,500) to provide an average five percent salary increase to all public school personnel. The secretary of public education shall not approve the operating budget of a school district or charter school that does not provide an average five percent salary increase for all public school personnel.

The general fund appropriation to the state equalization guarantee distribution includes seven million nine hundred sixty-two thousand four hundred dollars (\$7,962,400) contingent on enactment of a bill in the first session of the fifty-sixth legislature amending the School Personnel Act raising the responsibility factors for principals and assistant principals based on caseload and at-risk student membership.

The general fund appropriation to the state equalization guarantee distribution includes thirty-one million nine hundred seventy-nine thousand five hundred dollars (\$31,979,500) contingent on enactment of a bill in the first session of the fifty-sixth legislature amending the Public School Insurance Authority Act to increase the minimum employer contributions for employee group health benefits.

For fiscal year 2024, if the program cost made available is insufficient to meet the level of state support required by the special education maintenance of effort requirements of Part B of the federal Individuals with Disabilities Education Act, the public education department shall reduce the program cost and state equalization guarantee distribution appropriation in an amount sufficient to cover the projected shortfall and distribute that amount to school districts and charter schools in proportion to each school district's and charter school's share of the total statewide program cost to meet the level of support required by Part B of the federal Individuals with Disabilities Education Act for fiscal year 2024. The public education department shall reset the final unit value and recalculate each school district's and charter school's program cost for fiscal year 2024.

The general fund appropriation to the state equalization guarantee distribution includes fifty-five million dollars (\$55,000,000) for school districts and charter schools to purchase culturally and linguistically appropriate instructional materials for eligible students, including dual-credit instructional materials and educational technology.

The general fund appropriation to the state equalization guarantee distribution includes twenty-one million dollars (\$21,000,000) for school districts and charter schools to meet requirements of Section 22-10A-9 NMSA 1978, create an educational plan pursuant to Section 22-8-6 NMSA 1978 and provide targeted and ongoing professional development focused on case management, tutoring, data-guided instruction, coaching or other evidence-based practices that improve student outcomes.

The general fund appropriation to the state equalization guarantee distribution includes ten million dollars (\$10,000,000) for school districts and charter schools to provide evidence-based structured literacy interventions and develop literacy collaborative models that lead to improved reading and writing achievement of students in kindergarten through fifth grade.

The public education department shall not approve the operating budget of any school district or charter school to operate a four-day school week during the 2023-2024 school year that did not provide a four-day school week during the 2021-2022 school year.

The public education department shall monitor and review the operating budgets of school districts and charter schools to ensure the school district or charter school is prioritizing available funds to those functions most likely to improve student outcomes. If a school district or charter school submits a fiscal year 2024 operating budget that, in the opinion of the secretary of public education, fails to prioritize funds as described in this paragraph, the secretary of public education shall, prior to approving the school district's or charter school's fiscal year 2024 budget, direct the school district or charter school to revise its submitted budget or shall make such revisions as required to meet the requirements of this paragraph.

The general fund appropriation to the public school fund shall be reduced by the amounts transferred to the public school fund from the current school fund and from federal Mineral Leasing Act receipts otherwise unappropriated.

The other state funds appropriation to the state equalization guarantee distribution includes balances received by the public education department pursuant to Section 66-5-44 NMSA 1978.

Any unexpended balances in the authorized distributions remaining at the end of fiscal year 2024 from appropriations made from the general fund shall revert to the general fund.

## **(2) Transportation distribution:**

The general fund appropriation to the transportation distribution includes two million two hundred eleven thousand five hundred dollars (\$2,211,500) to provide an average five percent salary increase to all public school transportation personnel. The secretary of public education shall not approve the operating budget of a school district or charter school that does not provide an average five percent salary increase for all public school transportation personnel.

For fiscal year 2024, the public education department shall not include any variables within the calculation of the transportation distribution that adjust the allocation to each school district and state-chartered charter school based on district population densities.

## **(3) Supplemental distribution:**

The secretary of public education shall not distribute any emergency supplemental funds to a school district or charter school that is not in compliance with the Audit Act or that has cash and invested reserves, other resources or any combination thereof equaling five percent or more of their operating budget.

Any unexpended balances in the supplemental distribution of the public education department remaining at the end of fiscal year 2024 from appropriations made from the general fund shall revert to the general fund.

## **(4) Indian education fund:**

The secretary of public education, in collaboration with the assistant secretary for Indian education, shall develop a methodology to allocate the twenty million dollar (\$20,000,000) general fund appropriation to tribal education departments, tribal libraries, Native American language programs, school districts and charter schools based on operational needs and student enrollment.

## **(5) Standards-based assessments:**

Any unexpended balances in the standards-based assessments appropriation remaining at the end of fiscal year 2024 from appropriations made from the general fund shall revert to the general fund.

**Public Education Department Special Appropriations**

The public education department shall prioritize special appropriation awards to school districts or charter schools that implement K-12 plus programs for all eligible students.

The other state funds appropriation for early literacy and reading support is from the public education reform fund.

A school district or charter school may submit an application to the public education department for an allocation from the teachers professional development appropriation to support mentorship and professional development for teachers. The public education department shall prioritize awards to school districts or charter schools that budget the portion of the state equalization guarantee distribution attributable to meeting requirements of Section 22-10A-9 NMSA 1978 and providing targeted and ongoing professional development for purposes of new teacher mentorship, case management, tutoring, data-guided instruction, coaching or other evidence-based practices that improve student outcomes. The public education department shall not make an award to a school district or charter school that does not submit an approved educational plan pursuant to Section 22-8-6 NMSA 1978 or an approved teacher mentorship program pursuant to Section 22-10A-9 NMSA 1978.

The other state funds appropriation to the public education department for national board certification assistance is from the national board certification scholarship fund.

Any unexpended balances in special appropriations to the public education department remaining at the end of fiscal year 2024 from appropriations made from the general fund shall revert to the general fund.

Any unexpended balances in special appropriations to the public education department remaining at the end of fiscal year 2024 from appropriations made from the public education reform fund shall revert to the public education reform fund.

**PUBLIC SCHOOL SUPPORT**

The purpose of public school support is to carry out the mandate to establish and maintain a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state.

**PERFORMANCE MEASURES**

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
* Outcome	Eighth-grade math achievement gap between economically disadvantaged students and all other students, in percentage points	NEW	0.0%	5.0%	0.0%	5.0%
* Outcome	Fourth-grade reading achievement gap between economically disadvantaged students and all other students, in percentage points	N/A	N/A	N/A	N/A	N/A
* Outcome	Fourth-grade reading achievement gap between economically disadvantaged students and all other students, in percentage points	NEW	0.0%	5.0%	0.0%	5.0%
Explanatory	Number of eligible children served in kindergarten-five-plus	15,225.0	0.0	N/A	N/A	N/A
Explanatory	Percent of eligible children served in kindergarten-five-plus	11.5%	0.0%	N/A	N/A	N/A
Explanatory	Percent of funds generated by the at-risk index budgeted to provide at-risk services	NEW	0.0%	N/A	N/A	N/A
Explanatory	Percent of students in K-5 plus meeting benchmark on early reading skills	TBD	0.0%	N/A	N/A	N/A
Outcome	Number of additional instructional hours generated per pupil through extended learning time programs	NEW	0.0	60.0	0.0	60.0
Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in science	NEW	0.0%	34.0%	0.0%	37.0%
Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in science	NEW	0.0%	34.0%	0.0%	37.0%
Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in science	NEW	0.0%	34.0%	0.0%	37.0%
Outcome	Percent of elementary school English learners exiting English learner status	NEW	0.0%	10.0%	0.0%	10.0%
Outcome	Percent of fourth-grade Native American students who achieve proficiency or above on standards-based assessment in math	NEW	0.0%	34.0%	0.0%	37.0%
Outcome	Percent of fourth-grade Native American students who achieve proficiency or above on standards-based assessment in reading	NEW	0.0%	34.0%	0.0%	37.0%
Outcome	Percent of fourth-grade Native American students who achieve proficiency or above on standards-based assessment in science	NEW	0.0%	34.0%	0.0%	37.0%
Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in science	NEW	0.0%	34.0%	0.0%	37.0%
Outcome	Eighth-grade reading achievement gap between economically disadvantaged students and all other students, in percentage points	NEW	0.0%	5.0%	0.0%	5.0%
Outcome	Eleventh-grade math achievement gap between economically disadvantaged students and all other students, in percentage points	NEW	0.0%	5.0%	0.0%	5.0%

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
Outcome	Percent of middle school English learners exiting English learner status	NEW	0.0%	10.0%	0.0%	10.0%
Outcome	Percent of minor behavioral infractions resulting in expulsion	NEW	0.0%	999,994.5%	0.0%	0.0%
Outcome	Percent of minor behavioral infractions resulting in out-of-school suspension	NEW	0.0%	5.0%	0.0%	5.0%
Outcome	Percent of recent New Mexico high school graduates who graduate with a workforce certification or industry-recognized credential	NEW	0.0%	10.0%	0.0%	50.0%
* Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in reading	63%	35%	34%	34%	34%
* Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	14%	24%	34%	34%	34%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in reading	43%	33%	34%	34%	34%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	12%	20%	34%	34%	34%
Outcome	Percent of third-grade students who achieve proficiency or above on standard-based assessments in reading	73.50%	32.00%	34.00%	34.00%	37.00%
Outcome	Percent of third-grade students who achieve proficiency or above on standard-based assessments in mathematics	16.70%	23.00%	34.00%	34.00%	37.00%
Outcome	Truancy rate among students in elementary, middle and high school	N/A	N/A	N/A	N/A	N/A
Quality	Current five-year cohort graduation rate using shared accountability	78.30%	82.00%	85.00%	85.00%	86.00%
* Quality	Current four-year cohort graduation rate using shared accountability	77.0	77.0	80.0	80.0	82.0
* Explanatory	Percent of dollars budgeted by districts with fewer than 750 members for instructional support, budget categories 1000, 2100 and 2200	63%	64%	N/A	N/A	N/A
* Explanatory	Percent of dollars budgeted by districts with 750 members or greater for instructional support, budget categories 1000, 2100 and 2200	74%	73%	N/A	N/A	N/A
* Explanatory	Percent of dollars budgeted by charter schools for instructional support, budget categories 1000, 2100 and 2200	68%	70%	N/A	N/A	N/A
* Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	12%	14%	34%	34%	37%
* Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in reading	43%	26%	34%	34%	37%
* Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in reading	63%	27%	34%	34%	37%

## PERFORMANCE MEASURES

		FY21 Actual	FY22 Actual	FY23 Budget	FY24 Request	FY24 Recomm
* Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	14%	17%	34%	34%	37%
* Outcome	Percent of recent New Mexico high school graduates who take remedial courses in higher education at two-year and four-year schools	TBD	TBD	30%	30%	25%
Outcome	Change in percent of students scoring proficient on early reading benchmark at the beginning of year to end of year in kindergarten through third grade	TBD	32.0	20.0	20.0	20.0
Outcome	Percent of third-grade Native American students who achieve proficiency or above on standards-based assessment in reading	66.10%	14.00%	34.00%	34.00%	37.00%
Outcome	Current four-year cohort graduation rate for Native American students using shared accountability	72.30%	72.00%	80.00%	80.00%	82.00%
Explanatory	Number of certified teacher vacancies	TBD	1,048.0	N/A	N/A	N/A
* Explanatory	Percent of funds generated by the at-risk index associated with at-risk services	81%	93%	N/A	N/A	N/A
Outcome	Math achievement gap for third grade economically disadvantaged students	3.4	26.0	5.0	5.0	5.0
Outcome	Percentage of elementary school students exiting english language learner status	TBD	3.00%	10.00%	10.00%	10.00%
Explanatory	Average state funded per pupil expenditures	\$12,212.97	\$3,403.00	N/A	N/A	N/A
Outcome	Reading achievement gap for third grade economically disadvantaged students	4.3	(24.0)	5.0	5.0	5.0
Explanatory	Average federally funded per pupil expenditures	\$3,861.03	\$928.00	N/A	N/A	N/A
Outcome	Percentage of middle school students exiting english language learner status	TBD	3.80%	10.00%	10.00%	10.00%
Outcome	Math achievement gap for eleventh grade economically disadvantaged students	(8.7)	(19.0)	5.0	5.0	5.0
Outcome	Percent of New Mexico high school graduates who enroll in and complete a post-secondary pathway	61.86%	61.86%	75.00%	75.00%	75.00%
Outcome	Math achievement gap for eighth grade economically disadvantaged students	(3.0)	(3.0)	999,994.5	TBD	TBD
Outcome	Percentage of high school students exiting english language learner status	TBD	TBD	10.00%	10.00%	10.00%
Outcome	Additional instructional hours generated per pupil through extended learning time programs	N/A	TBD	60.0	60.0	60.0
Explanatory	Average locally funded per pupil expenditures	\$6,581.08	\$6,581.08	N/A	N/A	N/A
Outcome	Reading achievement gap for eleventh grade economically disadvantaged students	(6.9)	23.0	5.0	5.0	5.0
Outcome	Reading achievement gap for eighth grade economically disadvantaged students	1.8	(18.0)	5.0	5.0	5.0
* Outcome	Chronic absenteeism rate among students in middle school	28%	42%	10%	10%	10%
Outcome	Math achievement gap for fifth grade economically disadvantaged students	12.5	(20.0)	5.0	5.0	5.0

## PERFORMANCE MEASURES

		<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Budget</b>	<b>FY24 Request</b>	<b>FY24 Recomm</b>
Outcome	Percent of kindergarten-five plus students scoring at grade level or above on reading assessments	TBD	25%	34%	34%	37%
Outcome	Reading achievement gap for fifth grade economically disadvantaged students	14.7	21.0	5.0	5.0	5.0
Outcome	Percent of kindergarten-five plus students scoring at grade level or above on math assessments	TBD	10%	34%	34%	37%
* Outcome	Chronic absenteeism rate among students in high school	30.0	43.0	10.0	10.0	10.0
* Outcome	Chronic absenteeism rate among students in elementary school	30%	38%	10%	10%	10%





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## Statutory Authority

The New Mexico Finance Authority Act, Chapter 6, Article 21, NMSA 1978, authorizes the New Mexico Finance Authority (NMFA) as a governmental instrumentality for the purpose of coordinating and facilitating the planning and affordable financing of state and local capital projects for qualified entities in New Mexico. As a nongovernmental entity, NMFA can use financing mechanisms to leverage and maximize the state's capital investments in state and local projects. The financial and program activities of NMFA are governed by an 11-member board: four executive department heads, the executive directors of New Mexico Counties and New Mexico Municipal League, and five members appointed by the governor. NMFA administers 18 programs managed through rules, policies, and public and private partnerships. NMFA develops its own budget approved by its board of directors and does not require legislative approval. However, the New Mexico Finance Authority Legislative Oversight Committee is legislatively authorized to monitor and oversee the operations of the authority.

## Mission

The principal mission of NMFA is to assist qualified entities in financing capital equipment and infrastructure, including through loans for transportation, water, economic development, private lending, and social service providers.

## Total Assets

NMFA oversees approximately \$2.9 billion in total assets, consisting principally of invested cash and loans receivable. It also manages approximately \$310 million in funds for the Governor Richardson's Investment Partnership Program, or GRIP, for the Department of Transportation. Sources of funds for invested cash include bond proceeds, pledged revenues for servicing long-term debt, administrative fees, federal grant revenues, and investment interest income. The revenue forecast for FY23 is approximately \$301.9 million. Budgeted nonoperational expenditures, which include bond and loan interest, bond issuance, and grants to others, total \$189.5 million.

## Budget Issues

NMFA does not receive appropriations from the state's general fund for operations but does receive 75 percent of the state's government gross receipts tax (GGRT) revenues to support the public project revolving fund (PPRF). NMFA's projected general operating budget for FY23 totals \$16.4 million, a 2 percent increase over FY22 actuals. Approximately 34 percent of NMFA's anticipated operational costs are related to the public project revolving fund (PPRF), a percentage that has declined over the years as NMFA has taken on new programs. Budgeted positions for FY23 increased to 64, including five new full-time employees, most of which are related to two major new programs created by the Legislature in 2022. NMFA expects to grow its staff by roughly 10 FTE over the next five to 10 years and is in the process of purchasing a new building to accommodate that growth.

As an instrumentality of the state, NMFA is subject to the State Audit Act. NMFA's audit was completed and submitted to the State Auditor before the November 1 deadline. NMFA's governing board and staff continue to be actively engaged in strengthening the fiscal oversight and compliance with laws and rules governing their audits and financial activities.

## Public Financing Programs

NMFA's most significant infrastructure loan program is the PPRF, capitalized from an annual distribution equal to 75 percent of the net revenue of the state's GGRT—\$37.4 million in FY22, about 8 percent higher than the average distribution over the last three years. The NMFA Act provides that up to 35 percent of the GGRT distribution may be allocated to other programs by the Legislature. The number of identified funds is currently seven, three of which are administered by the Environment Department, three by NMFA, and one by the Cultural Affairs Department. NMFA leverages GGRT capital in the PPRF, makes loans, and replenishes the PPRF by issuing bonds. The fund has evolved into a broad financier for state and local government entities. This allows the PPRF to attain higher bond ratings, lower costs of issuance, and offer a variety of program enhancements to its borrowers. The funds accrued from GGRT collections and loan repayments to the PPRF not needed to pay debt service on bonds are placed in interest-bearing reserve accounts. The cash balance for loans from the PPRF varies month to month, from under \$5 million when the PPRF \$100 million line-of-credit may be used to as much as \$70 million, depending on the bond issuance schedule. PPRF bonds either reimburse NMFA for loans already made or allow loans of \$10 million or more to be funded and closed simultaneously with PPRF bonds. Since the PPRF's inception, NMFA has made approximately 2,000 PPRF loans totaling \$4.5 billion. In FY22, PPRF loans were made to 92 projects totaling \$249.6 million. The fund supports a diverse client base in all 33 New Mexico counties, with the top borrowers including education institutions, municipalities, counties, and state government. The health of the fund is strong: Based on estimates provided by NMFA, loan revenues will exceed debt service by \$300 million over the next 30 years and net GGRT could add another \$700 million to the fund if the trends stays on course.

The Water Project Finance Act provides a revenue source to provide grants and loans to qualified entities for planning and financing of regional and statewide water projects authorized by the Legislature. The annual funding available for water projects comes from

distributions from the water trust fund, approximately \$3.6 million annually, and a net 8.1 percent of senior severance tax bond capacity. During the 2022 legislative session, the Legislature authorized \$68.7 million from the water project fund for 32 projects statewide, and the State Board of Finance issued the severance tax bonds in June. The \$3.6 million water trust fund distribution for 2022 was set aside to cover budget shortfalls for funded projects due to increases in construction and material costs. Strong state revenues have significantly increased annual distributions to earmarked funds. August revenue estimates for 2023 project \$123.3 million flowing to the water project fund, a 150 percent increase over the 2021 distribution.

The drinking water state revolving loan fund is capitalized through a state match and federal grants that recently averaged \$11 million annually. For FY23, NMFA applied for both base DWSRF funding and funding from the federal Infrastructure Investment and Jobs Act, with total new FY23 funding expected at \$28.5 million. In FY22, NMFA lowered the base rate for public drinking water systems seeking financial assistance from the DWSRF from 1 percent for public drinking water systems to 0.01 percent. Disadvantaged communities qualify for interest-free loans, and for FY23, the cap on the amount of loan money that the DWSRF could provide interest free was removed. Disadvantaged communities may also qualify for principal forgiveness, and a policy change for FY23 expanded the definition of “disadvantaged” so 85 percent of census tracts in the state now qualify. To date, NMFA has made 176 loans totaling \$241.2 million. In FY22, NMFA closed seven new loans totaling \$9.4 million and approved another six loans totaling \$53.3 million. The approved loans include \$47.5 million to the Eastern New Mexico Water Utility Authority, which will help drive down uncommitted balances in the revolving fund from \$30.4 million in the spring of 2021 to \$5.1 million in July 2022—an 83 percent decrease. The overall balance in the fund in July was \$92.4 million including committed and uncommitted funds.

The colonias infrastructure fund is capitalized by a 4.5 percent earmark on annual senior severance tax bond capacity. As of September 2022, colonias infrastructure awards between 2019 and 2022 had a remaining balance of nearly \$73 million (69 percent). The Colonias Infrastructure Board awarded \$36.3 million to 38 projects in 2022 and set aside 5 percent of available 2022 funds to cover cost overruns for funded projects.

The local government planning fund provides grants of up to \$50 thousand to local governments, tribal entities, and political subdivisions for planning documents for public infrastructure projects. Grant eligibility is determined by the project type and limitations in the applicant’s financial capacity to cover the cost of planning on its own. In FY22, NMFA closed 33 awards from the fund totaling \$1.6 million.

### **Private Financing Programs**

Passage of House Bill 7 during the 2022 legislative session created the opportunity enterprise revolving fund to increase economic activity by providing financing for new or existing commercial facilities to attract new businesses to the state and to support the expansion of existing businesses. The General Appropriation Act included a \$70 million special appropriation to the new fund. The appropriation comes from general fund not needed for LEDA recovery grants. The fund will be governed by the Opportunity Enterprise Board in partnership with the Economic Development Department and administered by NMFA. The Opportunity Enterprise Board met for the first time on August 24, 2022. Twelve members sit on the board, including six ex officio members from state agencies and six appointed members with backgrounds in finance, development, and construction. NMFA expects rule promulgation to occur in winter 2023, with applications for the first round of funding opening in the spring. Once the program launches, the board will meet quarterly to consider financing applications and recommend project funding.

The Venture Capital Investment Act and venture capital investment fund were created with passage of House Bill 104 during the 2022 session. The purpose of the fund is to make investments in new, emerging, or expanding businesses in New Mexico that create jobs. The investments are required to be made in New Mexico businesses in early stages of development whose enterprises enhance the state’s economic development objectives or in venture private equity funds. The General Appropriation Act included a \$35 million special appropriation to the fund. NMFA is charged with adopting rules to guide investments from the fund and authorized to make the investments. NMFA is currently finalizing a request for proposals for an investment advisor for the program and will then begin work on its rules.

Passage of House Bill 43 during the 2022 Session created the charter school facility revolving fund and authorized NMFA to make loans to charter schools for the purchase, construction, expansion, or renovation of facilities or to pay off lease-purchase agreements. The General Appropriation Act included a \$10 million special appropriation to the fund. NMFA is charged with adopting rules, application procedures, and eligibility requirements for making loans from the fund. In addition to direct loans, NMFA is aiming to develop a program that provides a bridge between charter schools and social investors who provide funding for charter schools but do not have a presence in New Mexico.

Using authority granted to it under the Statewide Economic Development Finance Act and with approval from the NMFA Oversight Committee, NMFA created a \$5 million loan program for cannabis microbusinesses in 2022. The \$5 million was remaining from NMFA's essential services working capital pandemic relief program and the money was sourced from NMFA's operating fund, which includes fees, interest earnings, and other operating income. Loans of up to \$250 thousand with fixed interest rates from 2 percent to 3 percent are available to cannabis microbusinesses defined as such and licensed by the Cannabis Control Division of the Regulation and Licensing Department. As of September, NMFA had awarded a total of \$1.2 million in loans ranging from \$125 thousand to \$250 thousand to six businesses in Albuquerque, Clovis, Cuba, and Las Cruces. NMFA does not plan to replenish funding for the cannabis program when the \$5 million is fully committed, which it expects to occur by the end of this fiscal year.

# New Mexico Finance Authority

## Budget for Fiscal Years 2021 thru 2023

	FY 2021		FY 2022			FY 2023	
	Budget	Actual	Budget	Amended	Actual	Budget	vs. FY 2022 Actual
<b>Revenues</b>							
Interest income from loans	\$ 50,253,021	\$ 50,253,021	\$ 51,063,641	\$ 51,723,789	\$ 48,094,406	\$ 46,095,702	-4%
Appropriation revenue	35,000,000	35,000,000	132,520,910	36,000,000	41,396,672	154,000,000	272%
Grant Revenue	50,088,899	196,578,899	37,023,150	217,487,847	88,468,565	95,150,700	8%
Interest income from investments	4,600,000	4,620,057	3,106,691	2,302,000	2,266,002	2,753,253	22%
Administrative fees revenue	2,250,154	5,646,062	6,092,514	12,207,753	27,037,891	3,914,463	-86%
<b>Total Revenues</b>	<b>\$ 142,192,074</b>	<b>\$ 292,098,039</b>	<b>\$ 229,806,906</b>	<b>\$ 319,721,389</b>	<b>\$ 207,263,536</b>	<b>\$ 301,914,118</b>	<b>46%</b>
<b>Transfers</b>							
Transfers (to)/from Other Agencies	\$ (7,320,000)	\$ (7,320,000)	\$ (23,821,916)	\$ (6,900,000)	(7,388,955)	\$ (8,025,000)	9%
<b>Total Transfers</b>	<b>\$ (7,320,000)</b>	<b>\$ (7,320,000)</b>	<b>\$ (23,821,916)</b>	<b>\$ (6,900,000)</b>	<b>\$ (7,388,955)</b>	<b>\$ (8,025,000)</b>	<b>9%</b>
<b>Operating Expenses</b>							
Salaries and benefits	5,696,342	6,724,774	5,825,940	7,743,345	6,967,226	8,484,918	22%
Professional services	3,877,840	5,140,260	4,837,099	5,086,032	7,511,277	5,517,091	-27%
Other operating costs	1,064,414	1,119,914	996,336	1,532,810	1,610,227	2,427,671	51%
<b>Total Operating Expenses</b>	<b>\$ 10,638,596</b>	<b>\$ 12,984,948</b>	<b>\$ 11,659,375</b>	<b>\$ 14,362,187</b>	<b>\$ 16,088,730</b>	<b>\$ 16,429,680</b>	<b>2%</b>
<b>Non-operating Expenses</b>							
Bond interest expense	59,301,541	59,301,541	59,007,337	56,507,712	57,029,581	58,916,590	3%
Bond issuance costs	2,800,000	2,800,000	1,207,923	1,800,000	1,109,926	2,200,000	98%
Loan financing pass-through	15,000,000	15,000,000	3,488,596	20,000,000	10,396,391	20,000,000	92%
Grants to others	38,789,300	185,279,300	128,973,973	204,441,177	78,473,940	76,368,659	-3%
Other Expense (Contract for Servi	75,000	75,000	883,567	-	113,000	795,000	604%
Capital Expenditures	56,000	549,500	705,878	229,200	140,649	6,740,000	4692%
Interest expense	-	-	28,033	30,000	42,190	-	-100%
<b>Total Non-operating Expenses</b>	<b>\$ 116,021,841</b>	<b>\$ 263,005,341</b>	<b>\$ 194,295,307</b>	<b>\$ 283,008,089</b>	<b>\$ 147,305,677</b>	<b>\$ 165,020,249</b>	<b>12%</b>
<b>Total Expenses</b>	<b>\$ 133,980,437</b>	<b>\$ 283,310,289</b>	<b>\$ 229,776,598</b>	<b>\$ 304,270,276</b>	<b>\$ 170,783,362</b>	<b>\$ 189,474,929</b>	<b>11%</b>
<b>Revenue Over Expenses</b>	<b>\$ 8,211,637</b>	<b>\$ 8,787,750</b>	<b>\$ 30,308</b>	<b>\$ 15,451,113</b>	<b>\$ 36,480,174</b>	<b>\$ 112,439,189</b>	<b>208%</b>

### **STATUTORY AUTHORITY:**

In 1975, the New Mexico Mortgage Finance Authority (MFA) was created pursuant to the Mortgage Finance Authority Act, in Sections 58-18-4 through 58-18-27 NMSA 1978, as a public body but separate and apart from the state, constituting a governmental instrumentality, with the power to raise funds from private investors to make such private funds available to finance the acquisition, construction, rehabilitation, and improvement of residential housing for persons and families of low or moderate income within the state.

MFA is governed by a seven-member board, including the lieutenant governor, state treasurer, and attorney general. MFA develops its own budget approved by the board of directors and does not require legislative approval. The MFA Legislative Oversight Committee approves rules and regulations formulated by MFA and is empowered to monitor and oversee the operations of MFA. The Land Title Trust Fund Advisory Committee advises MFA on the use of monies generated by the land title trust fund to address affordable housing. The New Mexico Housing Trust Fund Advisory Committee advises MFA on the use of state-appropriated housing trust fund monies. The Low-Income Housing Tax Credit Allocation Review Committee reviews staff tax credit award recommendations, hears appeals to the awards, and makes final recommendations to the MFA Board.

### **MISSION:**

MFA provides innovative residential housing products, education, and services to strengthen New Mexican families and communities of low to moderate income.

### **MANAGED GROSS ASSETS:**

MFA manages approximately \$6 billion in gross assets, consisting primarily of invested cash, mortgage-backed securities, a sub-serviced loan portfolio and related mortgage servicing rights, mortgage loans receivable, federal grant programs, low-income housing tax credit (LIHTC) properties, and U.S. Housing and Urban Development (HUD) rental housing properties. As an instrumentality of the state, MFA is subject to the State Audit Act.

### **BUDGET ISSUES:**

MFA is not a state agency and does not receive an annual recurring appropriation for operations. Instead, the state mandates MFA generate its own funding to maintain operations and to carry out its duties. The primary program funding resources available to MFA are private activity bond volume cap and federal housing programs, including LIHTCs, U.S. Department of Energy weatherization program funding, HUD project-based Section 8 contract administration funding, HOME Investment Partnership, National Housing Trust Fund, and state Low-Income Home Energy Assistance Program (LIHEAP). MFA also provides affordable loan funding through the housing opportunity fund, an internal revolving loan fund, and through partnerships with Wells Fargo Bank, the Small Business Investment Corporation, and the U.S. Department of Agriculture Rural Development. Currently, about 2 percent of the authority's program resources are funded by state nonrecurring special appropriations, grant awards, and state capital outlay allocations. MFA also awards state tax credits to qualified contributors for affordable housing through vouchers from the state Taxation and Revenue Department.

MFA operates on a federal fiscal year basis, with FY22 ending September 30, 2022. MFA's operating budget for FY23 estimates revenue at \$29.7 million, a decrease of \$1.4 million, or 5 percent below FY21 actuals, and a decrease of \$1.9 million, or 6 percent, under the FY22 budget. The expense budget is projected at \$24.1 million, an increase of \$2.2 million, or 10 percent over the FY21 actuals, and an increase of \$6.5 million, or 37 percent over the FY22 budget. The FY22 excess revenue over expenses is \$1.9 million and will be used for MFA's internal revolving loan fund, to implement its strategic plan, and to meet authority reserve requirements. The decrease in excess revenues of \$18.6 million, or 91 percent in comparison with FY21, is primarily related to the decrease in administrative fee income from mortgage loan sales to the secondary market, purchase of servicing rights associated with loan originations, and unrealized losses in State Investment Council (SIC) investments due to volatility in the equity market. The capital budget is projected at \$4.4 million, an increase of \$971 thousand, or 28 percent, over the FY22 actuals and a decrease of \$1.2 million, or 22 percent, under the prior-year budget due to reductions in equipment, software, and building improvement costs.

Laws 2022, Chapter 38, (Senate Bill 134) amends the Severance Tax Bonding Act, earmarking 2.5 percent of the annual senior severance tax bond (STB) capacity for the New Mexico Housing Trust Fund (NMHTF). Beginning in FY25, the fund is projected to receive \$30 million.

# New Mexico Mortgage Finance Authority

## OPERATING BUDGET FY22, FY23 and FY24 Projected

	FY22 2021-2022 Budget	FY22 2021-2022 Actuals (Unaudited)	FY23 2022-2023 Budget (Board Approved September 14 )	FY24 2023-2024 Projected Budget
<b>SOURCES:</b>				
Interest on Loans	\$ 7,444,257	\$ 7,029,099	\$ 8,405,392	\$ 8,346,000
Housing Program Income	1,332,863	1,871,254	1,530,014	\$ 1,530,000
Administrative Fee Income	10,480,358	10,089,092	8,408,864	\$ 9,393,000
Interest on Cash/Investments	1,184,614	1,322,631	1,318,256	\$ 1,431,000
Loan Servicing Income	8,329,639	10,243,776	9,434,743	\$ 10,301,000
Other Operating Income	265,744	587,179	639,074	\$ 728,000
TOTAL OPERATING REVENUE	29,037,475	31,143,031	29,736,343	\$ 31,729,000
TOTAL NON-OPERATING REVENUE	100	(3,621,077)	100	\$ 100
<b>TOTAL REVENUE</b>	<b>\$ 29,037,575</b>	<b>\$ 27,521,954</b>	<b>\$ 29,736,443</b>	<b>\$ 31,729,100</b>
<b>USES:</b>				
Compensation (Salaries & Benefits)	\$ 11,421,237	\$ 10,436,916	\$ 12,651,323	13,062,000
Travel & Public Information	691,991	310,741	774,425	800,000
Office Expenses	1,715,542	1,966,930	2,089,634	2,158,000
Other Operating Expenses	7,781,903	8,998,410	6,944,233	7,170,000
Interest Expense	417,824	191,249	1,645,220	1,699,000
TOTAL OPERATING EXPENSES	22,028,497	21,904,246	24,104,835	24,889,000
TOTAL NON-OPERATING EXPENSES (T&TA, Program Development, Capacity Building)	369,402	232,897	263,825	341,000
TOTAL NON-CASH EXPENSES	3,382,254	3,261,941	2,841,098	2,784,000
EXPENSED ASSETS	119,850	184,312	79,850	79,850
<b>TOTAL EXPENSES</b>	<b>25,900,003</b>	<b>25,583,396</b>	<b>27,289,608</b>	<b>28,093,850</b>
<b>EXCESS REVENUE OVER EXPENSES</b>	<b>\$ 3,137,572</b>	<b>\$ 1,938,558</b>	<b>\$ 2,446,835</b>	<b>\$ 3,635,250</b>
<b>CAPITAL OUTLAY BUDGET</b>	<b>\$ 5,637,612</b>	<b>\$ 3,419,970</b>	<b>\$ 4,391,171</b>	<b>4,595,000</b>
<b>TOTAL FTE POSITIONS</b>	119.75	120.75	126.25	126.25

### PERFORMANCE MEASURES

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY 23 Budget
Average financial assets	\$1,235,608,000	\$1,399,793,000	\$ 1,474,669,000	\$ 1,631,951,000	\$ 1,896,554,000
Average assets under management	\$4,051,627,000	\$ 4,738,687,000	\$ 5,132,539,000	\$ 5,744,078,000	\$ 6,142,818,000
<b>Funds disbursed through:</b>					
Federal and state programs	\$48,481,000	\$50,593,000	\$ 88,264,000	\$ 65,737,950	\$ 118,005,000
MFA programs	\$15,779,000	\$20,410,000	\$ 20,607,000	\$ 19,463,000	\$ 12,717,000
General fund non-operating	\$179,000	\$567,000	\$ 462,000	\$ 233,000	\$ 264,000
<b>Single-family first mortgage Loans:</b>					
Number of units purchased	2,828	2,898	2,907	2,218	2,435
Dollar of loans purchased	\$432,383,000	\$ 425,000,000	\$ 548,000,000	\$ 430,234,000	\$ 470,000,000
<b>Multi-family loans and bonds closed and tax credits allocated:</b>					
Number of units	1,153	839	1164	1,458	1,600
Dollar of loans and subsidies	\$34,765,000	\$ 22,442,000	\$ 20,633,000	\$ 71,238,000	\$ 69,870,000
<b>Housing programs:</b>					
Homeless persons served	7,826	5,808	4,465	6,289	3,728
Single family homeowner rehab (units)	725	687	617	743	801

**STATUTORY AUTHORITY:**

The New Mexico Lottery Act, Sections 6-24-1 through 6-24-34 NMSA 1978, created the New Mexico Lottery Authority (NMLA) to establish and provide a fair and honest state lottery for entertainment of the public and to provide tuition assistance for undergraduates attending New Mexico postsecondary institutions. The authority is governed by a seven-member board, appointed by the governor with the advice and consent of the Senate. The act requires the board to appoint a chief executive officer.

The New Mexico Lottery Act requires NMLA to present its budget to the Department of Finance and Administration and to the Legislative Finance Committee (LFC) by December 1. The lottery is not a state agency, but the act provides that LFC has oversight over the operations of NMLA. The act also requires LFC to periodically review and evaluate NMLA accomplishments and operations. LFC is authorized to conduct an independent audit or investigation of the lottery or NMLA.

**MISSION:**

The mission of the New Mexico Lottery Authority is to sell lottery games that maximize revenues for tuition assistance for New Mexico undergraduates by conducting a fair and honest lottery for the entertainment of the public.

**AT A GLANCE:**

NMLA gross revenues in FY22 totaled approximately \$136.9 million, an \$18 million or 11.6 percent decrease compared to FY21. Transfers to the legislative lottery scholarship fund for FY22 totaled approximately \$41.1 million, a \$5.4 million or 11.6 percent decrease compared with FY21. Looking forward, NMLA projects a gross revenue decline from FY22 to FY23, for a total of \$136.3 million in FY23. NMLA saw unprecedented revenues in FY21, possibly related to participants diverted from pandemic-related casino closures.

For the authority, statutorily defined as everything except prize expense, operating expenses are budgeted at \$23.3 million for FY23, compared with \$21.7 million in FY22. Game expenses, which include prize payouts, will decrease in the FY23 budget with the decrease in sales but remain close to FY22 levels at \$90.6 million. The largest game expenses—retailer commissions and vendor fees—are contractually set as a percentage of sales.

**BUDGET ISSUES:**

NMLA has distributed more than \$947.7 million to the state of New Mexico for education since inception. In FY22, the Lottery Authority distributed nearly \$41.1 million to the legislative lottery scholarship fund.

NMLA experiences revenue volatility related to market conditions and national draw games with unpredictable jackpots. Efforts to mitigate the volatility include an emphasis on new games, increased payouts, and other promotions. The instant ticket sales category represents nearly 60 percent of revenues.

NMLA struggles to manage monthly cash flow because of statutory constraints, including a requirement that monthly distributions to the lottery tuition fund must be at least 30 percent of gross revenues. Requiring a fixed dollar amount rather than revenue percentage, or having yearly payouts, could allow NMLA greater flexibility with month-to-month cash balances to plan for greater payouts to lottery customers. To date, NMLA has managed these constraints by using fund balance from the unclaimed prize fund to supplement prizes.



# New Mexico Lottery

	2022 Consolidated Original Annual Budget	2022 Consolidated Income Statement **	2023 Consolidated Original Annual Budget
<b>OPERATING REVENUES</b>			
Instant ticket sales	\$ 81,903,500	\$ 80,131,691	\$ 80,903,500
Powerball sales	26,499,500	25,838,880	23,874,500
Mega Millions sales	12,999,500	11,744,153	12,599,500
Roadrunner Cash sales	7,999,500	7,321,667	6,999,500
Lotto America sales	3,399,500	3,922,863	3,799,500
Pick 3 Plus sales	4,799,500	4,900,574	4,999,500
Pick 4 Plus Sales	1,899,500	1,941,728	1,899,500
Fast Play sales	999,500	1,072,031	1,249,500
Net ticket sales	140,500,000	136,873,587	136,325,000
Retailer fees	8,000	8,539	8,000
Bad debts	(24,000)	-	(24,000)
Total operating revenues	140,484,000	136,882,126	136,309,000
<b>NON-OPERATING REVENUES</b>			
Interest income	15,000	18,375	16,000
Other income	1,000	1,711	-
Total non-operating revenues	16,000	20,086	16,000
<b>GROSS REVENUES</b>	140,500,000	136,902,212	136,325,000
<b>GAME EXPENSES</b>			
Prize expense	75,521,000	74,113,610	72,123,000
Retailer commissions	9,305,000	8,892,882	9,044,000
On-line vendor fees	4,917,000	4,810,545	4,792,000
Advertising	2,100,000	2,015,419	2,100,000
Ticket vendor fees	1,490,000	1,516,694	1,540,000
Promotions	118,000	56,222	143,000
Retailer equipment	198,000	59,944	214,000
Shipping and postage	338,000	316,815	494,000
Responsible gaming	85,000	72,250	70,000
Game membership	45,000	21,421	70,000
Total game expenses	94,117,000	91,875,802	90,590,000
<b>OPERATING EXPENSES</b>			
Salaries, wages and benefits	3,088,000	2,936,217	3,378,000
Leases and insurance	161,000	148,182	191,000
Utilities and maintenance	322,000	254,304	318,000
Depreciation and amortization	245,000	187,956	376,000
Professional fees	220,000	137,035	272,000
Other	101,000	63,318	145,000
Materials and supplies	50,000	21,638	66,000
Travel	44,000	6,904	86,000
Operational reserve fund	-	199,100	-
Total operating expenses	4,231,000	3,954,654	4,832,000
<b>OPERATING INCOME</b>	42,136,000	41,051,670	40,887,000
<b>NON-OPERATING EXPENSE</b>			
Interest expense	2,000	348	2,000
Total non-operating expenses	2,000	348	2,000
<b>NET INCOME</b>	42,150,000	41,071,408	40,901,000
<b>Operational Reserve Fund Transfer</b>	-	-	-
<b>Total Transfer to Lottery Tuition fund</b>	\$ 42,150,000	\$ 41,071,408	\$ 40,901,000

### HIGHLIGHTS:

State agencies, higher education institutions, and special and tribal schools requested roughly \$1 billion for more than 200 capital projects. The LFC staff framework for proposed funding was developed based on reviewing five-year infrastructure improvement plans, attending monthly meetings with major agencies, testimony presented during interim meetings, and additional information requested from agencies. The projects were assessed to determine the health and safety of occupants of the facilities, the long-term investment and preservation of state assets, the impact on operating costs or savings, programmatic needs, and the capacity to efficiently expend funds and complete projects. Several requests presented by agencies are proposed as nonrecurring special appropriations in the General Appropriation Act (GAA). The following summarizes projects within the framework listed in Volume III, including other proposed revenue sources:

**Administrative Office of the Courts.** The Administrative Office of the Courts and individual district courts requested \$14.5 million to renovate the Curry County magistrate court, \$2.5 million to construct a new magistrate court in Cibola County, and \$5 million for various renovation projects, technology upgrades, and equipment purchases in judicial courts. *The LFC framework supports \$14 million to construct a new magistrate court in Curry County, \$2.5 million for a new magistrate court in Cibola County, and \$20 million for construction and renovation state cost-share for district courts.*

**Aging and Long-Term Services Department.** The Aging and Long-Term Services Department received 101 capital outlay requests totaling \$30.6 million from senior programs statewide. The department and area agencies on aging rated and recommended \$28.4 million to address code compliance, renovations, new construction, specialized vehicles, and other equipment for senior centers statewide. ALTSO also requested an additional \$3 million for emergency funding for capital projects and \$20 million to support senior housing statewide. *The LFC framework supports \$23 million for statewide senior center projects and \$3 million for emergency needs.*

**Corrections Department.** The department requested \$65.8 million for security, fire, and life safety projects, general improvements, repairs, and renovations, and water, sewer, and electrical upgrades at facilities statewide. The request included \$4.8 million for improvements to the Gara Building in Bernalillo County. The department operates two privately owned and seven publicly owned prisons housing approximately 5,700 inmates. *The LFC framework supports \$14 million to address the most critical infrastructure repairs and maintenance needs at state prisons, \$2 million for improvements to the Gara Building, and \$750 thousand for the department to complete a comprehensive master plan to guide future capital investments.*

**Cultural Affairs Department.** The department requested \$16.7 million for health, life, and safety upgrades, as well as the preservation and maintenance of museums and monuments statewide. In addition, the department requested \$2.9 million to support revenue enhancement upgrades statewide. The department is responsible for over 191 buildings with over 1.3 million square feet housing art and artifacts valued at over \$1 billion. To provide more stable funding for upgrades and repairs to these facilities, the Legislature created the cultural affairs facilities infrastructure fund (Laws 2022, Chapter 15), which provides a \$5 million annual distribution to the department from the public project revolving fund (PPRF). Additionally, the department received \$5 million in American Rescue Plan Act funds last year, which are also being used for statewide infrastructure needs. *The LFC framework supports \$2.8 million to address priority infrastructure needs identified by the department at museums and monuments statewide. LFC's budget recommendation also includes a special appropriation for exhibit development.*

**Department of Agriculture.** The New Mexico Department of Agriculture requested \$10.9 million for the final phase of renovations to and new construction of facilities at New Mexico State University. The department estimates the project will cost a total of \$37 million. To date, the state has provided \$17.1 million in appropriations. *The LFC framework supports the request.*

**Department of Health.** The department requested \$71.7 million to build a new forensics building at the state Behavioral Health Institute in Las Vegas and \$17.1 million for deferred infrastructure repairs and renewals statewide. Additionally, the department requested \$7.8 million for equipment, including breath alcohol testing instruments and simulators, \$3.6 million for projects to support patient health and safety, and \$3.6 million for capital planning and design needs. *The LFC framework supports \$68 million for the new forensics building, \$5 million for deferred maintenance statewide, \$2.6 million for breath alcohol testing instruments and simulators, and \$2.1 million for patient health and safety projects.*

**Department of Information Technology.** The Department of Information Technology requested \$26 million to continue modernizing the public safety radio communications system statewide. The department estimates upgrading the system to the P25 federal standard will cost a total of \$170 million. To date, the state has provided \$65.2 million. In addition, the department requested \$15.1 million for statewide cybersecurity and \$560 thousand for the Las Vegas radio communication bureau. *The LFC framework supports \$26 million for the public safety radio communications modernization. LFC's budget recommendation also includes special appropriations for cybersecurity.*

**Department of Public Safety.** The Department of Public Safety requested \$5 million for statewide upgrades and improvements, \$8.5 million to improve the training facility in Santa Fe, and \$2.6 million to build a new state police substation in Grants. *The LFC framework supports \$2 million for statewide improvements, \$3 million for improvements to the training facility in Santa Fe, and \$830 thousand for land acquisition, planning, and design of a new substation in Grants.*

**General Services Department.** The General Services Department (GSD) requested \$30 million to address deficiencies at state-owned facilities. The Facilities Management Division is responsible for the repairs, maintenance, and oversight of 917 state-owned buildings with more than 7.1 million square feet of space throughout the state. In addition, the department requested \$100 million for the executive office building, \$8.5 million for a land swap with the city of Santa Fe, \$5.5 million for a new state-owned building in Roswell to consolidate health and human services agencies, and \$1.5 million for a new state-owned building in Los Alamos County to move agencies from leased space. *The LFC framework proposes \$12 million for statewide renovations and deficiencies, \$5.5 million for a new facility in Chaves County, and \$1.5 million for a new facility in Los Alamos County.*

**Higher Education Department and Special Schools.** The Higher Education Department (HED) heard capital requests from higher education institutions at hearings attended by LFC staff. The criteria used to evaluate requests included programmatic use of the facility, student enrollment trends, funding from other sources, and space utilization for instructional and general needs. In addition, for the first time, HED encouraged institutions to submit requests for supplemental funding for active projects to address cost increases. Supplemental requests totaled \$36.3 million from 11 institutions and branch campuses. In total, secondary institutions, special schools, and tribal institutions requested \$243.3 million for 85 projects. *HED recommends \$86.8 million for 44 capital projects and \$18.1 million for nine demolition projects. The LFC framework supports \$88.4 million for 39 capital projects. LFC's budget recommendation also includes a statewide special appropriation for demolition and building repair and renewal.*

**Office of the State Engineer.** The Office of the State Engineer requested \$50 million for Lower Rio Grande aquifer recovery to support settlement of *Texas v. New Mexico* and \$10 million for state match for federally authorized flood control and restoration projects in the Middle Rio Grande. In addition, the department requested \$2.1 million for surface water and groundwater measurement statewide, \$1 million for Elephant Butte delta and river channel improvements, \$1 million for strategic water reserve acquisitions, and \$500 thousand for Ute Reservoir. *The LFC framework proposes \$30 million for Lower Rio Grande aquifers, \$10 million for river maintenance, habitat restoration, and flood control, \$5 million for dam rehabilitation, and \$2 million for surface water and ground water measurement needs statewide. LFC's budget recommendation also includes special appropriations to augment the water supply on the Lower Rio Grande, to improve river flows into Elephant Butte, and for compliance with the 2003 Pecos settlement agreement.*

**Public Education Department.** The department requested \$15.7 million to purchase and replace school buses statewide. In accordance with Section 22-8-27, NMSA 1978, buses are required to be replaced every 12 years, especially older buses with high mileage. In addition, the department requested \$315 thousand for school bus cameras and \$200 thousand for fueling and charging infrastructure for alternative-fuel school buses statewide. *The LFC framework supports \$15.7 million to purchase school buses and \$315 thousand for school bus cameras authorized from the public school capital outlay fund.*

**Public Schools Facilities Authority.** The Public School Capital Outlay Task Force endorsed legislation appropriating \$100 million for career technical education, pre-kindergarten, school security, and maintenance. The funding would be distributed to school districts through a formula. The task force also recommended \$5 million to the Public Schools Facilities Authority for pre-kindergarten projects. *The LFC frameworks includes \$100 million for career technical education, pre-kindergarten, school security, and maintenance, and \$5 million for pre-kindergarten projects, both authorized from the public school capital outlay fund.*

